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The sultan of Oman, Qaboos bin Said, left, and the president of the United Arab Emirates, Yazed bin Sultan al-Nahyan, at the Arab League summit meeting in Amman, Jordan.

Baghdad, Damascus End Feud

Summit Accord Opens Way for Pressure on Iran

Compiled by Our Staff From Dispatches AMMAN, Jordan — Iraq and Syria, Iran's main ally in the Gulf War, have ended their feud, a Jordanian official said Tuesday.

The official, a spokesman for the Arab League summit meeting under way here, announced that President Hafez al-Assad of Syria and President Saddam Hussein of Iraq had reconciled their differences Monday night at a meeting with other key Arab leaders.

"This meeting promises a promising start to a new era of brotherly relations between Syria and Iraq," said the spokesman, Akram Barakat.

"God willing," he said, "good news will emerge as a result of this reconciliation for the best interests of both peoples and for the benefit of the Arab nation as a whole."

Mr. Assad said Monday night that he would veto any attempt to re-admit Egypt to the Arab League. That appeared to be the price he was demanding for ending his rift with Iraq.

The rapprochement opens the way for a united Arab front to pressure Iran to observe a call by the United Nations for a cease-fire in the Gulf War.

It emerged after Arab leaders met for the third day and went into closed session to work out a common stand on the war.

Yasser Arafat, the chairman of the Palestine Liberation Organization, said Tuesday he had agreed with King Hussein of Jordan to resume efforts, broken off by Hussein in February 1986, to coordinate their Middle East peace strategy.

"I had a meeting in the morning with the monarch in the presence of Iraqi President Saddam Hussein," Mr. Arafat said, and we agreed to coordinate for the sake of our people and our just cause.

Mr. Hussein's break with Mr. Arafat in 1986 came after yearlong efforts toward a joint approach to any peace negotiations with Israel.

At the time, Hussein accused the Palestinian leadership of failing to keep its word. Mr. Arafat had refused to accept UN Security Council resolutions which urged Israel to withdraw from occupied territories but ignored Palestinian demands for self-determination.

(AP, Reuters)



A youth aims a stone at the police Tuesday in Dhaka, Bangladesh, during protests and a general strike called to support opposition demands for the resignation of Lieutenant General Hussain Mohammed Ershad, the country's president. The police fired rifles and tear gas, and the government said three persons had been killed. Opposition politicians said as many as 12 protesters were dead.

Reagan Talks Up Dollar

Remark Boosts Currency From Record Lows

NEW YORK — The dollar fell to historic lows Tuesday against the West German and Japanese currencies, but rebounded after President Ronald Reagan said he did not want the U.S. currency to decline further.

For the first time, the dollar dropped below 1.65 Deutsche marks in Frankfurt. It recovered slightly to 1.6530 DM at the afternoon fixing, but that figure was still the currency's lowest since the Deutsche mark was created in 1948.

Earlier in the day, the dollar had traded at a postwar low of 133.80 Japanese yen in Tokyo, before closing at 134.40.

The dollar's slide continued in early trading in London, the main European currency exchange center, and in New York, where it opened at 1.6495 DM.

The two-and-a-half year fall of the dollar has grown acute since the collapse of stock markets on Oct. 19, and The New York Times on Tuesday morning quoted a Reagan administration official as saying that the U.S. government, eager to boost U.S. exports and avoid recession, was content to see the dollar "drift, drift, drift."

But later in the morning, the White House issued a statement saying that the remarks of the unidentified official did not represent government policy.

Afterward, Mr. Reagan spoke at the start of a meeting with President Chaim Herzog of Israel and said he did not want to see the dollar's fall extended.

"I don't look for a further decline," he said, "I don't want a further decline." A few minutes earlier, the president had said the United States was "not doing anything to bring it down."

The dollar quickly picked up after Mr. Reagan's statement. It was quoted in New York at 1.6635 DM at mid-session, and closed at 1.6645, above its 1.6595 DM close on Monday.

Against the yen in New York, the dollar rose to 134.50 at mid-session, up from a 40-year low of 133.25 yen earlier Tuesday. The dollar ended at 134.45 yen, above Monday's closing 134.25.

The British pound closed at \$1.7860 in New York, weakening from \$1.7935 on Monday.

Also a factor in the dollar's rebound, dealers said, was the fact that traders seized the opportunity to take profits by repurchasing dollars they had sold at higher levels.

In London, the dollar ended a volatile day firmer after touching a record low against the mark in early afternoon trading and then recovering sharply on Mr. Reagan's comment.

"This can only work once," a senior dealer with a British clearing bank said. "Unless they come up with concrete suggestions on the budget deficit, no amount of rhetoric is going to push the dollar up," he added.

The dollar finished at 1.6650 DM in London after an opening of 1.6580 DM, and a close of 1.6585 DM Monday. Against the yen, the dollar gained a bit in London to close at 134.28, after a Monday close of 134.25. Its trading low Tuesday was 133.13.

The pound weakened against the dollar, falling to \$1.7863 at the close from Monday's \$1.7960.

The dollar finished at 1.3675 Swiss francs in London, up from a close of 1.3645 Monday. Against the French franc, its final 5.6400 was also firmer than the previous close at 5.6322.

"The dollar's weak because the market wants action on the U.S. budget deficit, not because the authorities want it weak," one dealer said. "This kind of bounce just

See DOLLAR, Page 16

Kiosk Party May Leave Italian Coalition

ROME (Reuters) — The small Italian Liberal Party is expected to withdraw from the five-party coalition government because of differences over economic policy, political sources said Tuesday.

Attilio Bastiani, a Liberal Party official, said the party secretary would ask the organization's leadership on Wednesday to approve leaving the three-month government of Prime Minister Giovanni Goria, a Christian Democrat.

The sources said the proposal was expected to be approved.

For Arabs, a New Focus Amman Talks May Be Turning Point As Iran, Not Israel, Is Main Concern

By Thomas L. Friedman New York Times Service AMMAN, Jordan — The Arab summit talks that opened here Sunday could signal a turning point. For the first time since the Arab League was founded in 1944, the primary focus of such a meeting is not Palestine and Zionism, but rather Iran and Islamic revolution.

"The Arab world is turning East because that is where the real threat is today," said Kemal Salibi, a leading Arab historian.

Indeed, although the meeting is taking place only an hour's drive from Jerusalem and within the range of Israeli long-range artillery, most eyes here seemed to be focused on Tehran, the Iranian capital. The missile launched by the Iranians into the heart of Baghdad, the Iraqi capital, just minutes after the Arab meeting began made the reason clear.

In their opening speeches, King Hussein of Jordan and the Arab League secretary-general, Cheddi Khibi of Tunisia, devoted most of their remarks — and their passion — to the Gulf War.

As Hussein put it, the war "is no longer confined to Iraq alone, but has now engulfed brotherly Kuwait and Saudi Arabia" and "is threatening the security of the whole region and world peace."

To be sure, the Arab leaders are not totally ignoring Israel and the

Palestinians. With the presence of the Syrian president, Hafez al-Assad, and Yasser Arafat, chairman of the Palestine Liberation Organization, that would be impossible. Moreover, as long as there is no resolution of the fate of the Palestinian people, they will be a crucial issue in Arab political life.

But as members of various delegations have made clear, confronting Israel is not the primary reason they are in Amman, and to the extent that Israel is being discussed, it seems to be more out of habit than of immediate concern.

There are several reasons for this. The truth is the Arabs don't hate Israel anymore — they should, but they don't," a Lebanese writer following the conference said.

"They don't like it by any means," he said, "but they are just sick and tired of this whole issue and are totally fed-up with the Palestinians for missing every chance they had. I assure you that if the Palestine problem were settled tomorrow, on almost any terms, the Arabs would just give a sigh of relief."

In addition, it appears the PLO lost a lot of its romantic appeal in Arab eyes after it quit Beirut during the Israeli invasion in 1982.

From the mid-1950s to the late See SUMMIT, Page 2

NEWS ANALYSIS

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From the mid-1950s to the late See SUMMIT, Page 2

U.S. Putting Off Until Next Year Any Request for More Contra Aid

WASHINGTON — Secretary of State George P. Shultz said Tuesday that the Reagan administration would wait until next year before asking Congress for further military aid for the rebels fighting Nicaragua's government.

Mr. Shultz, in remarks prepared for delivery to the Organization of American States, said the administration made the decision to "give peace every chance" as a five-nation Central American peace plan takes hold.

"Today, I can tell you that we will seek no further military assistance for the resistance until next year," Mr. Shultz said.

"This does not mean that we will sit idly by on the sidelines if the Sandinistas try to strike for military victory," he added.

"We will not abandon the resistance fighters to face advanced Soviet weapons and Cuban advisers with their resources exhausted," he said. "We will not permit the peace process to become a shield for the physical elimination of the Nicaraguan resistance."

Down close: DOW 22.05 The dollar in New York: DM £ Yen FF 1.6645 1.786 134.45 5.6545

N.Y. Stocks Rally, Fall Again

Other Markets Mostly Decline

Compiled by Our Staff From Dispatches NEW YORK — A decline in U.S. stock markets on Tuesday was moderated after President Ronald Reagan said he did not want a further drop in the dollar.

On the New York Stock Exchange, the Dow Jones industrial average, which had lost nearly 60 points Monday in a nervous session, closed down 22.05 points at 1,878.15. Stocks declining in value led advancing ones by more than a 3-1 ratio.

The market, still weighed down by uncertainty over the dollar and the U.S. economy and plagued further by a strike of clerical workers, had opened lower Tuesday.

The Dow was off 25 points at the opening and was down by as much

Shearson Lehman, the Wall Street firm, had a \$70 million loss in October, Page 11.

as 44 points during the morning. By early afternoon, blue chips managed to inch into positive territory, rising almost 6 points to about 1,906. But the Dow average soon fell back again.

Earlier, the deterioration of the dollar's value had an alarming effect on most world stock markets. (Story, Page 16.)

In Tokyo, the 225-share Nikkei Stock Average fell 731.91 yen, or 3.26 percent, to 21,686.46. That was nearly 225 points below the average's 21,910.08 close on the day of last month's market collapse.

In Hong Kong, the Hang Seng Index, the key indicator of blue chip stocks, closed down 96.07 at 2,043.24.

But the London Stock Exchange, which plunged more than 50 points in early trading, reversed course and moved higher as some selective buying occurred in a quiet market. The Financial Times-Stock Ex-

See MARKETS, Page 12

World Markets at a Glance

Table with columns: City, Index Close, Point Change, Percentage Change. Rows include London, Paris, Frankfurt, Tokyo, Hong Kong.

*Based on an average

International Herald Tribune



An Amsterdam currency dealer reflects on hectic trading.

Soviets May End Punishment Long Favored: Internal Exile

By Philip Taubman New York Times Service MOSCOW — Internal exile, a form of punishment with a long history in this country, is likely to be abolished in a revision of the criminal code.

Internal exile has been a favored form of punishment and political repression in Russia since the time of the czars. It has touched many of the most prominent writers and political leaders of the last two centuries, including Pushkin, Lenin and Stalin.

More recently, Andrei D. Sakharov, the physicist and leading dissident, spent nearly seven years confined to Gorky, an industrial city 250 miles east of Moscow.

The Soviet justice minister, Boris V. Kravtsov, said in an interview Monday that abolition of internal exile was one of several steps under consideration that would reduce or eliminate some of the more severe forms of punishment.

Mr. Kravtsov said other steps would limit the number of capital offenses and reduce the maximum prison term. Currently, people are executed by firing squad for crimes ranging from treason and murder to embezzlement.

Mr. Kravtsov said the steps under consideration included "reducing the scope of crimes to be punished by death, abolishing exile and banishment provisions, and slashing maximum prison terms to 10 years from the current 15."

Peruvians, of Right and Left, Grow Disenchanted With Garcia

By Alan Riding New York Times Service LIMA — Having spellbound Peru with his charismatic populism during most of his first two years in office, the country's young president, Alan Garcia Perez, is now seeing his popularity tumble amid growing disenchantment with his government.

Mr. Garcia, 38, continues to dominate the political stage with his energy and oratory, yet increasingly the Social Democrat has become a lightning rod for opposition from left and right.

"When things were going well, he made all the decisions, he grabbed all the limelight, and he claimed all the credit," one political critic said. "Now that things are souring, he's also taking more than his share of the blame."

The turning point for many Peruvians was the president's decision to mark his second year in office on July 28 by nationalizing banks, a move that alienated the private sector and alarmed the urban middle classes who saw it as a step toward socialism.

Yet even before this controversy, three-digit inflation had sharply reduced the buying power of Peruvian workers and peasants, provoking a wave of violent labor protests and dismaying those who had faith in Mr. Garcia's pledge to improve the lot of the poor majority.

At the same time, hopes that the new government would find a way of combating endemic terrorism have given way this year to recognition that the Maoist Shining Path guerrillas and the smaller Castroite Tupac Amaru Revolutionary Movement are expanding their spheres of operation.

"Things are going badly, and it's difficult to see how or where they're going to get better," one Western ambassador said. "The economy is on the slide, terrorism is continuing to grow, and the parties on both left and right are now clearly in opposition."

Almost inevitably for a country that has frequently known military rule, most recently from 1968 to 1980, the crisis has touched off fresh speculation about the intentions of the armed

forces, with some retired army officers warning that continued disarray could lead to a coup.

A military takeover, though, does not seem imminent. Senior commanders have shown no interest in taking over a potentially uncontrollable situation, while even the president's political enemies seem eager for him to complete his term and hand power over to an elected successor in July 1990.

Increasingly, the central issue seems to be Mr. Garcia and his personal, centralized and unpredictable style of governing. Peru is polarized as much between the president's sympathizers and critics as between left and right.

"The fact is that Garcia has no strong ideological commitment," one Latin American diplomat said. "Ideology for him will always be subordinate to his ambition and sense of opportunity. Sometimes he likes to agitate simply so he can define the agenda and keep the initiative."

During his campaign and once he was in office, this strategy raised enormous expectations that, at first, he was able to satisfy. Not only did he control inflation, revive economic growth, and begin channeling public investment toward the neglected Indian communities of the Andes, but he also won applause at home for limiting payments on the country's foreign debt to 10 percent of export earnings.

Further, succeeding a weak government that seemed paralyzed by the problems it faced, Mr. Garcia was able to revive a sense of national pride through his infectious self-confidence. Such was his success in going over the heads of traditional political parties and building up a personal following that he reportedly began contemplating a constitutional amendment to permit his re-election in 1990.

The troubles that have befallen his government in recent months have produced an almost emotional backlash. According to Datum, a Lima-based polling company, in December, after 18 months in office, the president received a 78-

See PERU, Page 2

Reagan Will Name Anthony Kennedy To Supreme Court

By Lou Cannon
Washington Post Service
WASHINGTON — President Ronald Reagan has decided to name a federal appeals judge, Anthony M. Kennedy, 51, to the vacant seat on the Supreme Court, White House officials said Tuesday. They expressed confidence that the choice would prove popular and attract bipartisan support in the Senate.

Judge Kennedy had been identified earlier as Mr. Reagan's leading candidate to fill the Supreme Court post, but administration officials had said the choice was not yet certain.

The officials said Mr. Reagan decided to appoint Judge Kennedy after a half-hour meeting with him in the White House residence Monday that also was attended by the White House chief of staff, Howard H. Baker Jr., and Attorney General Edwin Meese 3d.

The announcement has been tentatively scheduled for Thursday, White House officials are expected to push for quick confirmation in the Senate.

an effort to fill a seat that has been open since July and overcome the embarrassment of two previous failed nominations.

The Senate Judiciary Committee chairman, Joseph R. Biden Jr., Democrat of Delaware, said, however, that hearings on the nomination were "probably not likely" before January.

Mr. Reagan is expected to try to mute the harsh political rhetoric that was a feature of the debate on both sides when Judge Robert H. Bork was rejected by the Senate on a 58-42 vote last month.

New battles broke out in Republican ranks Tuesday after the withdrawal of Judge Douglas H. Ginsburg, Mr. Reagan's second nominee. Judge Ginsburg withdrew after acknowledging that he had smoked marijuana as a Harvard professor as late as 1979.

Democrats and moderate Republicans blamed Mr. Meese, who pushed for Judge Ginsburg, for the debacle of a nomination that had to be withdrawn nine days after it was made. Conservatives concentrated their fire on Mr. Baker, saying he forced Judge Ginsburg out.

Congressman Sees Budget Plan Soon

The Associated Press

WASHINGTON — The congressional leader of talks between the White House and Congress on cutting the U.S. budget deficit said Tuesday that an agreement was in sight, as the Democrats proposed a package of spending cuts and higher taxes they said would reduce this year's deficit by \$28.5 billion.

"I think the pace of our discussions has picked up, and I'm optimistic we're going to get an agreement," said Thomas S. Foley, the House majority leader, as negotiators began another meeting.

Without an agreement between the White House and the Democratic-controlled Congress, on Nov. 20 the Gramm-Rudman deficit-reduction law will trigger \$23 billion in spending cuts spread equally between domestic and military programs. The talks began two weeks ago.

Electricity Sabotaged In Sri Lanka

Compiled by Our Staff From Dispatches

COLOMBO, Sri Lanka — Power lines and railroad tracks were sabotaged Tuesday as Parliament met amid tight security to discuss legislation that would give limited autonomy to regions dominated by the Tamil minority group.

The attacks came a day after a bomb exploded outside a police station in Colombo's busy Maradana district, killing 32 persons and injuring more than 100.

As legislators at the Parliament complex on an island in a lake near Colombo discussed limited autonomy for Sri Lanka's three million Tamils, eight armored cars patrolled the six-mile (10-kilometer) route to the building, and naval vessels patrolled surrounding waters.

The chairman of Sri Lanka's Electricity Board, K.K.Y.W. Perera, said opponents of the legislation were suspected of cutting power supplies to the southern districts of Galle and Matara, the central Badulla region and the north-central Medawachchiya district.

"A helicopter survey showed that several pylons in jungle areas were bombed," Mr. Perera said. He said there had been no immediate claim of responsibility.

Railroad ties on two lines to Colombo were uprooted, stranding thousands of people heading to work, the police said.

Railroad officials said that the lines had been repaired by Tuesday afternoon and that train service had returned to normal.

Gunmen ordered passengers out of two buses in a Colombo suburb and two in Galle, and the buses were burned; the police suspected members of the Janatha Vimukthi Peramuna, or People's Liberation Front. The shadowy, militant Marxist group is made up of Sinhalese, Sri Lanka's majority group.

The police said they suspected that the outlawed group was responsible for the blast Monday. The group vehemently opposes the autonomy legislation and the peace accord, signed in July by India and Sri Lanka, on which it is based.

The two bills that make up the legislation are aimed at ending a four-year guerrilla war by Tamils seeking a separate homeland.

(AFP, UPI, Reuters)



IRISH BOMB VICTIM IS BURIED — Gordon Wilson, left, follows the coffin of his daughter, Marie, on Tuesday during a funeral in Enniskillen, Northern Ireland, for the 20-year-old nurse, a victim of the Irish Republican Army bombing Sunday. The blast killed 11 persons and injured 55 others at a memorial ceremony for British war dead.

Mystery of 'Israeli Hostages' Deepens; Abduction May Have Been a Blunder

By Barry James
International Herald Tribune

A mystery surrounding eight hostages, including two children, who are claimed to be Israelis captured by Palestinian guerrillas deepened Tuesday, with no material evidence and no demands yet from the kidnapers.

The kidnapping appears to have been a blunder involving two Belgian brothers, their family and a French girlfriend who were burning around the Mediterranean on a converted sardine boat and had nothing to do with Israel.

The mystery began Sunday in Beirut when a man identifying himself as Walid Khaleel and claiming to represent the Fatah Revolutionary Council called a news conference to announce that the hostages, whom he described as Europeans having dual Israeli citizenship, were captured aboard their boat.

The Belgian foreign ministry verified the identity of the Belgians whom Mr. Khaleel had named: Emmanuel Houtekins, 42, a mechanic, his wife, Godelieve Kets, 48, their children Laurent, 17, and Valerie, 16, and Emmanuel's brother, Fernand Houtekins, the owner of the Silko. The Houtekins family lived in Sanary-sur-Mer in the south of France.

The French government verified the French nationality of the sixth person identified by Mr. Khaleel: Jacqueline Valente, a divorced mother of daughters aged 5 and 6. Mrs. Valente, 30, also comes from Sanary-sur-Mer.

People who knew the Houtekins family and Mrs. Valente in France said all were of modest means and were Roman Catholics with no Israeli or Jewish connections.

Fernand Houtekins was a cook near the port of Toulon from 1981 to 1985, when he apparently met Mrs. Valente and bought the Silko, identified as a yacht in early reports of the incident. It is a 43-foot (13-meter) sardine boat that was decommissioned and declared unuseworthy after being involved in an accident. After repairs, it was re-registered under the Belgian flag.

On Tuesday the French government contacted senior Arab officials, the Belgian government and the Red Cross in an attempt to win Mrs. Valente's release, a foreign ministry spokesman said.

Mr. Khaleel said the hostages were Israeli spies and described their capture as a slap in the face for King Hussein of Jordan, apparently an effort to embarrass the king and undermine the Arab League summit conference that began Sunday in Amman, Jordan.

8 Reported in Good Shape
A man who said he was a spokesman for the Fatah Revolutionary Council said the group had discussed the well-being of the prisoners Tuesday with a representative of the Red Cross in Beirut and all were in good physical and psychological condition, Reuters reported from Beirut. The man refused to say whether the Red Cross delegate saw the captives.

Israeli officials said that they had never heard of Mr. Khaleel, that none of the people named by him as hostages held Israeli identity papers and that it would have been impossible to seize a boat in the tightly patrolled waters off Israel.

There was no sign of the boat, which Mr. Khaleel said had been towed to "one of our naval bases."

"From the very beginning it looked a little bit like a fabrication, a public relations story," said Shimon Peres, the Israeli foreign minister, Yitzhak Rabin, the defense minister, scoffed at the suggestion that such a kidnapping could have taken place in the vicinity of Israel.

Mr. Khaleel identified five of the hostages as Belgian and one as French, and said that in addition two "Hebrew-speaking children" were aboard the boat.

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WORLD BRIEFS

Palestinian Student Killed in Gaza

GAZA (Reuters) — An Israeli settler shot and killed a 17-year-old Palestinian student in the Israeli-occupied Gaza Strip on Tuesday after demonstrators stoned his vehicle, witnesses said.

The incident, the latest in a spate of shootings of unarmed Palestinian demonstrators by Israeli occupation forces or settlers, sparked further unrest in the coastal strip. The witnesses said the girl, Intissar A Tar, was shot outside her high school in the Deir al-Balah refugee camp. She died on arrival at Shifa hospital in Gaza City.

Troops later used tear gas and fired in the air to disperse hundreds of protesting students carrying an outlawed Palestinian flag outside the Islamic University, the witnesses added.

Sihanouk May Meet Cambodia Leader

BANGKOK (NYT) — Prince Norodom Sihanouk is planning to travel to France this week amid hopes that he will meet there before the end of the year with the Cambodian prime minister, Hun Sen, a spokesman for the prince said here Tuesday. He heads one of three armies battling the Phnom Penh regime.

The proposed meeting, for which no date has been set, has the backing of China, Japan and several Southeast Asian nations, the prince's office said. Asian diplomats said that China, which has supported the exiled Khmer Rouge militarily and politically, now accepts the possibility of a neutral, non-Communist government if that is what Cambodians want. Prince Sihanouk has said this is his aim.

It is not clear to what extent Hanoi, which installed the present Phnom Penh government in 1979, will allow the Cambodians to shape their nation's future. A withdrawal of about 20,000 of Vietnam's 140,000 troops in Cambodia has apparently been delayed. Cambodian rebel leaders say there may be a difference of opinion in Hanoi on war policy.

Kasparov Takes Lead in Chess Match

SEVILLE, Spain (Reuters) — The world chess champion, Garry Kasparov, took the lead Tuesday for the first time in his title defense against the challenger, Anatoli Karpov, with a victory in the adjourned 11th game. Grandmasters said that Mr. Karpov had blundered on his 35th move Monday.

Mr. Kasparov now leads 6-5 with three wins, two losses and six draws. The first player to win six games or accumulate 12.5 points will win the match.

GAME 11
GRUNFIELD DEFENSE

White Karpov	Black Kasparov	White Karpov	Black Kasparov	White Karpov	Black Kasparov
1. d4	Nf6	19. cd	e5	37. Be7	Rf8+
2. c4	g6	20. de	Bb6	38. Ke2	Rf7
3. Nc3	d5	21. B4	Bd2	39. Bde6	Rf7
4. cd	Nxd5	22. Bf1	Be5	40. Be5	Nd5
5. e4	Nxe3	23. Re1	b5	41. Nf1	Adjourned
6. h3	Bg7	24. Rc2	Nd6	41. ...	Rc7
7. Bb4	e5	25. Ng3	Nd6	42. Bde6	Rc2+
8. Ne2	Nc6	26. Nf5	Nd6	43. Bde5	Rc2
9. Bc1	0-0	27. Ng3	Nd6	44. Ne3	Kf7
10. d4	Bg4	28. e5	Kf7	45. Ng4	Ne4
11. B3	Nd5	29. Nf1	Nd6	46. Nxe5+	Nxe5
12. Bxf7+	Rxf7	30. Ng3	Nd6	47. Bde5	B4
13. Bf1	Rxf7+	31. Rf1	Kf7	48. Bf5	B3
14. Kc2	Qd6	32. Be+	Kf7	49. e5	Rg2
15. Kf1	Qe4	33. Rf2+	Kg7	50. e6+	Kf8
16. Qe4	Qd6	34. Rf5	Bd6	White resigns	
17. Qc4+	Nc6+	35. Re	Nc6		
18. Bf2	cd	36. Bb6	Nxe5		

Poland Says Solidarity Militant Is Held

WARSAW (AP) — The police have captured Kornej Morawiecki, the last major underground Solidarity leader and a fugitive since the 1981 martial law crackdown, the government announced Tuesday.

Mr. Morawiecki, leader of a militant faction of the banned trade union movement, was arrested Monday night at an apartment in Wroclaw, in southwestern Poland, said Jerzy Urban, the government spokesman.

A 46-year-old woman identified only as Hanna L. was arrested with him, Mr. Urban said. He said Mr. Morawiecki was being investigated on suspicion of smuggling and possessing false identification papers. Mr. Morawiecki's daughter, Anna, said that her brother, Mateusz, a university student, also was seized.

For the Record

Spain formally told the United States it would not extend their military treaty when it runs out next May, but said this would not prevent continued talks on the U.S. military presence. (Reuters)

Norway said it had found a large network of bugging devices in its mission in Prague and had lodged a sharp protest. Oslo said microphones had been found "in all the important rooms." (Reuters)

TRAVEL UPDATE

U.S. Reports on Late Airline Flights

WASHINGTON (AP) — Almost one-fourth of the major U.S. airlines' flights arrived at least 15 minutes late in September, the Transportation Department announced Tuesday. It also reported that complaints from travelers about service had fallen for the second month in a row, dropping by one-third from September to October.

New statistics aimed at helping travelers choose airlines with the best service showed that American Airlines had the best on-time performance, arriving within 15 minutes of its schedule 84.5 percent of the time. Other airlines showing on-time arrivals of better than 80 percent were Southwest, Continental, Eastern and Piedmont. The average for the 14 airlines was 77 percent.

Only taxis and ambulances were allowed on streets in central Athens on Tuesday, and factory output was reduced by 30 percent, under emergency anti-pollution measures ordered after two days of heavy smog. (AP)

A bill to allow pubs in England and Wales to remain open throughout the afternoon on weekdays was approved in principle by the House of Commons on Monday on a 293-87 vote. (AP)

Correction

A New York Times story in Nov. 4 editions of the International Herald Tribune misrepresented the role of Smith Barney, Harris Upham & Co. in the area of municipal bonds. Smith Barney, a leader in municipal underwriting, is expanding in that field, a spokesman said.

PERU: Disillusionment With Garcia

(Continued from Page 1)

percent approval rating. But by September, this rating had fallen to about 47 percent.

The poll was said to reflect continuing support for Mr. Garcia among the poor. The changing attitudes of both political elites and middle classes, however, can be traced in the press. A few months ago, newspapers were delighted to cover an unconventional president who could bombard the country with ideas and inject it with enthusiasm at the same time as displaying such eccentricities as singing boleros in public and flying in supersonic fighters.

Most recently, articles have questioned the financial circumstances under which he bought two houses and have criticized him for accepting \$9,000 as an honorarium and in expenses after, as head of state, he made a speech to the Food and Agriculture Organization in Rome in November 1985.

Behind these attacks is the outrage felt by many Peruvians — "all those wealthy enough to have a bank account," as one banker put it — over the nationalization of the banks and the heavy-handed pressure then applied by the government against Congress and the judiciary to ensure approval and enactment of the measure.

Although the Supreme Court must still rule on the constitutionality of the nationalization law, the government dispersed protesting bank workers last month with tear gas and used the police to evict directors of two banks and install

Protesters Block Work On Italian Nuclear Plant

The Associated Press

ROME — Anti-nuclear protesters blocked construction work on a nuclear power plant northwest of Rome on Tuesday, a day after voters overwhelmingly approved referendums curbing the development of nuclear energy.

The Italian news agency ANSA said more than 100 young people blocked the entrance to the construction site at Montalto di Castro, near Viterbo, 40 miles (65 kilometers) northwest of Rome, and unfurled a banner reading "No to civilian and military nuclear energy."

The news agency said there were no immediate confrontations with the police.

Final results from the voting on Sunday and Monday showed Italians, by a margin of 4-1, approved referendums to limit expansion of nuclear energy. But the turnout of 65 percent of the 43 million eligible voters was the lowest ever for an Italian election.

The referendum proposals call for the abrogation of current laws and give the Italian parliament 120 days to enact substitutes.

Voters abrogated three laws on nuclear energy programs: one that provides subsidies to towns and regions that accept nuclear plants; another that leaves it up to a few cabinet ministers to decide on locations of nuclear plants; and a third that allows the state-run energy company, ENEL, to participate in foreign nuclear plants.

Government officials said the coalition was likely to interpret the referendums as votes to limit nuclear power to its current minor role, Reuters reported.

Another referendum overturning the law protecting magistrates from civil lawsuits was approved by 80 percent of the voters.

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For more information, please call Mary Lam at (82) 248121. Sotheby's (Hong Kong) Ltd., 905-81 Lane Crawford House, 70 Queen's Road Central.

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Iraq Says Planes Hit Tanker

United Press International

MANAMA, Bahrain — Iraqi planes flew Tuesday to the Iranian coast and attacked a "large naval target" in another attempt to cut Iranian oil exports, the official Iraqi news agency reported.

A military spokesman in Baghdad said the Iraqi jets scored "direct and effective hits" on the "naval target" at 10:35 A.M., the agency said.

"Naval target" is Iraq's term for an oil tanker in Iranian service. The raid was mounted "with the aim of cutting Iranian oil exports" that finance the war against Iraq, the spokesman said.

The planes returned safely to base after the attack, the spokesman said. It was the second time in 24 hours that Iraq claimed it had attacked a tanker carrying Iranian oil.

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Manila Seeks Asian Support of U.S. Bases

By Barbara Cressette
New York Times Service

KOTA KINABALU, Malaysia — An unexpected bid by Manila to forge a common Southeast Asian policy in support of U.S. military bases in the Philippines has brought consternation to neighboring capitals, according to regional officials and private analysts meeting here to discuss Pacific security.

Officials at the 16th Williamsburg Conference on Asia and the Pacific said Monday that they were taken by surprise by an apparent effort by the Philippines foreign secretary, Raul Manglapus, to get regional backing for the continued presence of the U.S. bases.

On Tuesday, Mr. Manglapus said his new agreement allowing the two major U.S. bases in the Philippines to remain would have to adhere to clauses in the new Philippine Constitution limiting nuclear weapons. Reuters reported from Manila.

The Philippine Constitution bans nuclear weapons "consistent with the national interest," in a

policy that has never been fully spelled out. The present bases agreement expires in 1991, with talks to begin next year over terms of a possible new treaty.

Mr. Manglapus has just completed a tour of Thailand, Malaysia and Singapore, three of Manila's partners in the Association of Southeast Asian Nations, ostensibly to assure them that a meeting of the group can take place safely in Manila in December.

Indonesia and Brunei also are members of the association.

Regional governments are worried about the volatility of the atmosphere in Manila. Hours before Mr. Manglapus's trip, explosives were found in the conference center where the summit meeting, the third in the association's 20-year history, is to be held Dec. 14-16.

But most governments in the region have decided to go ahead with the meeting as a vote of confidence in the government of President Corason C. Aquino.

"It is very important for the region to support her," said Jusuf Wanandi, director of the Indonesian Center for Strategic and International Studies and a member of the Indonesian legislature, in an interview Tuesday. "This is a signal of her credibility."

Noo-Communist Southeast Asian nations agree more or less that a U.S. military presence is desirable for a range of reasons.

But several governments, including those of Malaysia and Indonesia, do not want to harm their relations with the Nonaligned Movement, a major grouping of developing countries, and other organizations by making a public statement on the issue.

ASEAN nations also are committed to establishing what they call a "zone of peace, freedom and neutrality" in the region. The American bases have posed a problem for this concept, but there is reluctance to see them go because

of the large Soviet military presence at Cam Ranh Bay in Vietnam. "If the Americans left, who would fill the gap?" Mr. Wanandi asked. "The Soviet Union? China? Japan? It could create a whole new balance of forces in the region."

Filipino commentators attending the Williamsburg Conference said Mr. Manglapus's aim might be to internationalize the issue of the American use of Clark Air Base and Subic Bay Naval Station. This might help Mrs. Aquino extricate the issue from an emotional nationalistic debate in the Philippines.

Discussions about the economic, political and military situation in the Philippines played a major part in the security conference, in which more than 50 government officials, diplomats, business leaders and scholars from Pacific countries took part.

The annual conference is named for the site in Virginia of the first meeting, in 1971.

Participants in this year's conference, sponsored by the Asia Society of New York and Malaysia's Institute for Strategic and International Studies, came from Australia, Canada, China, Japan, New Zealand,

South Korea and the United States. Hong Kong also is represented, along with all the members of ASEAN except Brunei.

Philippine Nuclear Ban

Mr. Manglapus, in his comments on the U.S. bases, said at a news conference that if the U.S. bases stayed, "they will have to continue under new conditions provided for in the new treaty." Reuters reported.

Washington strictly adheres to a policy of neither confirming nor denying the presence of nuclear weapons on its warships or aircraft. A nonnuclear policy imposed by New Zealand in 1985 resulted in the severing of virtually all military contact with the United States, which had long been an ally.

Two bills pending in the Philippine Senate seek a ban on nuclear weapons, including their prohibition in Philippine territorial waters and airspace.

The Philippine bases, the biggest U.S. overseas bases, are regarded as strategically vital.

"We want to stay at Subic Bay," a U.S. Navy official said Monday in Washington. "For the foreseeable future and ever more."



AIMING AT REBELS — A Manila police major, Romeo Maganto, instructing recruits Tuesday in a newly formed civilian force to fight Communist rebels. The group was formed after a series of killings of Philippine military men by Communist "sparrow" units.

AMERICAN TOPICS

Phone Rules Eased For Civil Servants

The U.S. government has decided that civil servants may make "necessary" personal calls on government telephones. The General Services Administration, the agency that manages government buildings and services, says this should make it easier to spot abusers who, for example, phone for horoscopes or gossip at length.

Federal employees previously were forbidden to make personal calls even in emergencies, a rule widely regarded as foolish and almost impossible to enforce.

Now employees may make calls to report illness, injury, travel delays or the need to work overtime. They may phone home briefly to check with a spouse, a child or a baby sitter. They may make essential calls to numbers that can be reached only during the day, like a dentist's office, a plumbing service or a bank.

Until now, the individual manager has been "in a terrible position," said John J. Landers, a General Services Administration official. "If he tries to crack down on somebody who is running a used-car parts business, the guy screams about the woman across

Short Takes

The fishing town of Yakutat, Alaska, known as the rain capital of the United States, has had a record 16.5 feet (five meters) of rain so far this year. Cheryl Eastwood, a city planner, says she recently found a cormorant, a web-footed sea bird, taking shelter under her porch roof. "If the ducks are coming in out of the rain," she said, "things are getting pretty bad."



Lee A. Iacocca

Washington is about to get an authentic diner — a short-order restaurant with a stainless-steel, dining-car facade, booths and a long counter. Diners dotted the American landscape in the 1930s and '40s. Jeff Glendorn, who owns several restaurants in the capital, told The Washington Post that the American City Diner will be open 24 hours a day starting next month. It will serve "no sushi or nouvelle anything," the Post said, but real diner food, like meat loaf, eggs any style, mashed potatoes and coconut cream pie. It will be so genuine that the lit "Air Conditioned" sign outside will have one letter flickering, as if it were burning out.

The best-selling autobiography of Lee A. Iacocca is to be published in China in a Mandarin translation. The publisher, Bantam Books, says the book, "Iacocca: An Autobiography," will be the first nonreference book written by an American to be published in China in Mandarin. Both Bantam and Mr. Iacocca, chairman of Chrysler Corp., will contribute all royalties to diabetes research in China. Mr. Iacocca's U.S. royalties have gone to the Iacocca Foundation for diabetes research. His first wife, Mary, died of the disease in 1983.

Maureen Dean, wife of John Dean, the one-time legal counsel to President Richard M. Nixon, has published her first novel. Mrs. Dean, who sat silently with her husband through the televised Watergate hearings, is now a stockbroker in Los Angeles. Her husband is an investment banker. The novel, "Washington Wives," has been reviewed by The Washington Post by the author Christopher Buckley, who describes it as a sex saga and "about as suspenseful as watching the renovation of Union Station. It sheds no light on how Washington really works." In a separate Post interview with Stephanie Mansfield, Mrs. Dean said, "I think wherever you have power, you're going to attract sex."

Conservation officers in the Seattle area have been using noise-makers in an only partly successful effort to drive sea lions away from a fish ladder at Lake Washington, where the animals have been devouring spawning salmon. Firecrackers have been set off, and loudspeakers have loudly played tapes of heavy-metal rock music and speeches by the Libyan leader, Colonel Moammar Gadhafi.

—ARTHUR HIGBEE

Buildup in Soviet Forces in Europe Cited

By Joseph Fichett
International Herald Tribune

PARIS — The Soviet Union's offensive military power is growing in central Europe, and Moscow maintains an edge over the Western alliance in most conventional forces, the International Institute of Strategic Studies says in a report it plans to issue on Wednesday.

Although the Soviet leader, Mikhail S. Gorbachev, is apparently interested in cutting military spending, the report says, Soviet conventional forces show continued improvement, particularly Soviet main battle tanks and ground-attack fighters deployed against North Atlantic Treaty Organization forces.

The report, "The Military Balance, 1987-1988," changed its approach this year in weighing conventional strengths to fit better with conventional arms control proposals. It also modified some crucial phrasing to reflect more fully the institute's view that Soviet advantages in conventional forces have become more critical as the superpowers near an agreement to eliminate intermediate-range nuclear missiles in Europe.

The institute, an independent center on security issues based in London, says in the report, "The figures indicate substantial quantitative Warsaw Pact advantages in most major force components and in particular with those most associated with an offensive land campaign."

Soviet Aide Says Gorbachev Could Extend U.S. Trip

MOSCOW — Mikhail S. Gorbachev could prolong his coming three-day visit to the United States by several days, a Soviet official said Tuesday.

U.S. spokesmen have reported that the Soviet leader's trip, scheduled to begin Dec. 7, is to end Dec. 10 or 11. But Kremlin officials are considering a longer stay, a Soviet official said. The three-day scenario is loose and subject to change, added the official, who asked not to be identified.

Other Soviet officials have indicated that in addition to the length of Mr. Gorbachev's visit, his program and general objectives and encouragement are the subject of intensive discussions at the Kremlin.

Aside from Kremlin officials, Raisa Gorbachev, the Soviet leader's wife, is involved in a discussion about possibly extending the visit, according to a Soviet source.

Soviet officials stress that the trip is a working visit. But they also have mentioned the possibility that Mr. Gorbachev may make a major speech before Congress or the United Nations General Assembly.

The most notable Soviet military gains, the report says, are quantitative and qualitative improvements in its tank force. A "generation gap" has opened up between the T-80 tank, which is supplied only to Soviet forces, and the T-72 tank, the best armor in other Warsaw Pact arsenals.

Reflecting the increasingly polarized political debate about conventional forces in Europe, the institute this year declined to make an overall judgment about the precise East-West balance in conventional forces.

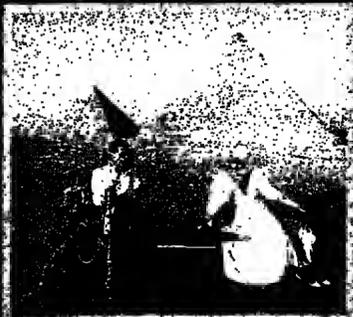
In previous reports on the military balance, the institute said that "the conventional military balance is still such as to make general military aggression a highly risky undertaking for either side."

U.S. Worry on Arms Talks

The Reagan administration is sending its chief U.S. arms negotiator, Max M. Kampelman, to Geneva this weekend to revive stalled negotiations on the proposed medium-range arms treaty. U.S. officials were quoted as saying Tuesday in a report by United Press International from Washington.

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Herald Tribune

So Who's in Charge?

It was a funny fact that started in 1962: picture books called "Who's in Charge Here," mocking political figures like Ronald Reagan with fake speech balloons...

church. He denounces deficit spending, yet has more than doubled the national debt. He talks about getting government off people's backs, yet would intrude it into the bedroom and the doctor's office...

Defeat the Bombers

Next Sunday will be the second anniversary of the signing of Anglo-Irish accords designed to promote peaceful resolution of conflict in Ulster. Last Sunday there was gruesome evidence that the violence continues...

ment working group with British and Irish representatives has been set up to deal with political, legal and security matters and to encourage cross-border cooperation...

Meese's Startling 'O.K.'

The defendant before federal Judge R. Allan Edgar was the son of a congressman, so pleas for leniency from influential quarters could be expected. But the judge still must have been startled by a letter from Ursula Meese...

her husband learned of the letter after it had been sent and said merely, "O.K." It was not O.K. The letter was a grossly improper and arrogant abuse...

Other Comment

Kingmakers or Muckrakers?

The United States has suddenly found itself in the grip of a highly selective and deeply destructive moralism which would be ludicrous if it did not threaten to make nomination to the Supreme Court as hazardous a matter as declaring oneself to be a presidential candidate...

Americans would do well to recall the words with which Gary Hart bowed out: "I was out," he said, "running for sainthood." He might have added that public servants as distinguished as Franklin Roosevelt, John Kennedy and Lyndon Johnson would not have passed the morality tests now imposed on presidential hopefuls...

The Attorney General Should Have Resigned

By David S. Broder

WASHINGTON—In any other democracy in the world, a cabinet official who subjected his chief, his party and his cause to the enormous embarrassment that Attorney General Edwin Meese caused President Reagan, the Republicans and the conservative movement last week would be out of a job...

for the job and was not vulnerable to the liberal counterattack that sank Judge Robert Bork. Mr. Meese did so in the face of the fact that Judge Ginsburg had an extremely sketchy record: no private law practice, one hour of courtroom argument on one case...

he has left. That's a helluva spot to be in when you're 76 years old and your term is running out. Put in those terms, the tolerance of Mr. Meese's lowering ineptitude is both humanly understandable and profoundly unerving...



The Washington Post

To Protect The Nation, Draw Lines

By Flora Lewis

LOS ANGELES—One after another, the names are punned and collapsed. For Judge Douglas Ginsburg, it was surprising, although there was nothing in his record to show he had the expertise, experience and wisdom to qualify him for the Supreme Court...

For Senator Joseph Biden, it was plagiarism, although even if he had had the impoverished Welsh miner ancestry of Neil Kinnock, the British Labor leader, it would not have made him a more impressive candidate for president...

Further back, when William Casey faced confirmation hearings as director of central intelligence, the issue was dubious financial dealings, although his record as a rambunctious, free-wheeling spy in World War II showed no sense of the accountability required under postwar congressional oversight...

A Divided Korean Opposition Risks Defeating Itself

By Han Sung Joo

SEOUL—Kim Dae Jung, a man who has struggled long and suffered much for democracy in South Korea, kept others guessing for weeks, but few in the country doubted that he would run for president. Now he has not only declared himself a candidate in the December election, but formed a new party...

of the votes, with the possibility of gaining more because of Mr. Roh's personal popularity and public disenchantment with the bickering of the opposition leaders. And the race is a four-way one now that Kim Jong Pil, a former prime minister, has declared his candidacy. A last-minute compromise between the two opposition Kims on a single candidacy is possible but not likely...

with the election or to interrupt the transition to democracy. As Kim Dae Jung contends, his failure to run could churn up frustration and anger among supporters, who would have felt that their man had been robbed of the opportunity to win power...

No, the Others Will Feed Off One Another

By Kim Dae Jung

The writer is the presidential candidate of the new Korean Party for Peace and Democracy.

SEOUL—Since June, when Roh Tae Woo, the candidate of the present military government, announced his conversion under popular pressure to favoring a democratic election, there has been hope in some foreign circles that this is one military dictatorship that can end out of its own accord...

areas of the country where I am strongest are my home region, the southwest, and in Seoul and surrounding cities. Together these areas hold more than half of the nation's voters. At the same time, I think my reputation last week in Pusan, the heartland of Kim Young Sam's support, demonstrates that my constituency knows no regional boundaries...

Slow-Boat Diplomacy Will Get America Nowhere Fast

By George P. Shultz

The writer is U.S. secretary of state.

WASHINGTON—The formulation and execution of foreign policy have traditionally rested on four pillars: power, prestige, resources and human ingenuity. Today, when America's sense of national purpose is so clear, our power and resolve so firm and our involvement in world affairs so vital to our national security, it is painful to see the disastrous effects that budgetary cuts are having on America's capacity to conduct foreign relations...

problems ranging from acculturation to terrorism, our Foreign Service officers are the first line of defense of the republic. The thought of having to thin out this defensive line is sobering. Yet last year the State Department was forced to close seven overseas posts; this year we are faced with decisions that may force further withdrawals of American presence—two embassies and 13 consulates...

issue is not a few dollars here or there. It has to do with our ability and willingness to continue to shoulder the burdens of world leadership. It has to do with the advancement of our interests. It has to do with the struggle between freedom and totalitarianism. It has to do with our ability to pursue a foreign policy based on the pillars of power, purpose, resources and human ingenuity...

The question now is whether the country's friends will see it as relevant to their needs in years ahead.

leadership. This is totally at odds with our military, moral and economic standing in the world, and it seriously threatens our security. A story is told of the secretary of state in the early 19th century who, after not hearing for several months from the U.S. minister to France, reportedly exclaimed: "If we don't hear from him within three weeks, send him a strong letter." Today foreign policy cannot be conducted by slow boat...

ment and furniture was delayed. Having exhausted these mechanisms, we now face the loss of services of 1,200 people—all this because of an anticipated \$84 million budgetary shortfall. When the nation faces a budget deficit of nearly \$150 billion, such an amount seems almost trivial. When these major pillars of our policy-making capability are weakened, what impact does this have on U.S. national security and interests? Our presence abroad and our judicious use of resources around the world have netted impressive gains recently. Our personnel and programs are contributing to a worldwide resurgence of democracy and a turn by many toward free market economics...

100, 75 AND 50 YEARS AGO
1887: Gloom in Berlin
BERLIN—The Berlin bourse today [Nov. 10] approaches a panic. Brokers and investors breakfasted on tidings about the Crown Prince, which convinced the bourse that cancer was destroying his life. With luncheon came the acclio of the Imperial Bank in refusing to accept Russian bonds as security for loans. Later, while stocks were staggering, news was brought of questions addressed by the police to all Russians who resided in the German Empire. So oppressively minute are these questions that in case of a war, or of expulsion of all Russians from Germany, nothing more exhaustive could be desired.
1912: A Port for Serbia?
ST. PETERSBURG—Russian diplomacy is determined to support Serbia in her march to the Adriatic. A peaceful solution is still possible, and it is premature to speak of a Russian ultimatum. If Austria-Hungary main-

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OPINION

It's Not Lie Detection, It's Mental Rape

By William Safire

WASHINGTON — Two million times a year, American citizens are subjected to "lie detector" tests. This explosion of the use of machines that measure nervousness (and that fall to catch the cool, practiced liar) is the most blatant intrusion into personal freedom in the United States today.

The tests libel the truthful and are fooled by spies and pathological liars.

purpose is to frighten the applicant with the threat of being hooked up to some terrifying device and asked intimate questions. That is enough to scare off most people who have ever had drinking, drug, psychological or any other "problems."

No screening procedure could be more non-American than this advance exclusion-by-fear. Even when performed by FBI-trained polygraph operators, "lie detection" is mistaken for a lie detector by most courts. The reason: When hooked up to intrusive machines, many of us sweat and tremble. That makes honest people seem like liars.

Although lawmakers know that the polygraph is not a device that measures truthfulness, they see it as more effective than a truncheon and hot lights to coerce a suspect into confessing. Employees use it the same way: to scare off applicants with any kind of guilty conscience. This modern third degree is an abuse in law enforcement, and an abomination when used by private corporations against people who have done nothing to warrant a search of their minds.

Last week the House of Representatives finally passed a bill making it unlawful for any private employer "to require, request, suggest or cause any employee or prospective employee to take or submit to any lie detector test."

Security guard companies are excluded, and industry lobbyists used the narrow scores to exempt companies engaged in the manufacture or sale of drugs. "We resisted all the others," says Representative Pat Williams of Montana. "The House has voted to rid us of nine out of 10 polygraph tests now being made."

But the House has passed similar legislation before, only to see it die in the Senate. The test now is in the Senate Labor Committee, chaired by Edward Kennedy, from whom we have heard so much recently about the right to privacy. For too long, lawmakers have ducked responsibility on privacy rights by passing the buck to the Supreme Court. But we may be a decade from a decision, and in the meantime millions will be deprived of both rights and jobs. Why can't Congress act, as 22 states already have, to stop technocracy's merchants of sweat from plying their trade?

Senator Kennedy, new defender of the sanctity of the marital bedroom (although that area is not currently threatened), has long been programmed by his staff to proclaim his support of legislation defending the sanctity of the human mind. But taking the lead requires courage. Plenty of ripped-off companies and a lobby of polygraph operators in Washington denounce such a law as a "criminal's protection act." The Labor Committee chairman does not want to be out there by himself or surrounded by Democrats. He has dithered for months, waiting for Republican Orrin Hatch to co-sponsor a Senate version of an anti-polygraph bill. "I'm a libertarian on this matter," Senator Hatch tells me. "The question is: Do we allow society to coerce the vast majority who are honest to get at the few who are dishonest?" So — is he for this law? "Nobody should lose his job, or be denied the opportunity of a job, exclu-

sively as a result of polygraphy, you should have reasonable corroboration." However, he worries that "the whole business community will come unglued" if the legislation is passed as written in the House. Orrin Hatch is torn: On one hand is the plea from businessmen who say they lose \$40 billion a year to employee theft; on the other is the example known to him of Senate staff aide Michael Pillsbury, wrongly stripped of his position by a botched polygraph exam. When in doubt, revert to principle. If no reason exists to suspect a person of wrongdoing, he or she should not be made to fear a mental strip-search, least of all by a discredited device that libels too many truth-tellers and gets fooled by pathological liars and spies. The battle for personal freedom is joined. The Senate should pass this privacy law; the new secretary of labor should enforce it vigorously throughout the world of commerce; and then we should deal with the proliferation of this medieval monstrosity within the government. The New York Times.



The Madness of the Creators Is More Manic Than Schizoid

By Charles Krauthammer

WASHINGTON — One of science's more mundane but useful services is to confirm what common sense and common experience suggest. At its most trivial, you get elaborate studies showing that good-looking people are better treated by strangers than ugly people. Well, yes. But every once in a while you get a story that confirms people's intuition about something important, like the relationship of madness and creativity. Intuitively we know they are connected. We remember a crazy aunt who

creative asset. Beyond that point, it is a catastrophe. For example, the high ("manic") phase of manic-depressive illness — the euphoria, the rush of energy, the racing thoughts — can initially be very creative. When I was practicing psychiatry, several of my manic patients refused treatment because they thrived on the creative rush and inexhaustible energy of the early phase of the manic attack. Soon however, they thrived no more. Creativity turned into craziness. At some point the engine revved up a little too much, the activity became too frenetic, and the thoughts flew so fast that they no longer connected. That is when the patient turned up at the hospital, brought in by a cop or a frantic relative.

MEANWHILE

wrote poetry and the great artists who went mad or committed suicide. Indeed, the relationship is so well accepted that most of the debate is about the reason that craziness tends to genius and vice versa. But the assumption that one leads to the other is based on little more than anecdotal evidence. Dr. Nancy Andreasen, a rigorous and prolific psychiatric researcher at the University of Iowa, has set out to attach numbers to the intuition. Over 15 years, she studied 30 faculty members of the respected University of Iowa Writers' Workshop. This is not quite the same creative league as, say, Nabokov or Pound or the authors on the average college English curriculum. But since most of history's creative heavyweights are dead and not available for psychiatric interview, Dr. Andreasen picked the next best sample. She found an extremely high rate of mental illness in the writers, almost three times that of a control sample. Her most interesting finding, however, is counter-intuitive. We tend to think that genius is a wild relative of crazy thinking, the hood and bizarre kind that occurs in schizophrenia. The idea being that if you keep your visions and your voices under control, you produce a great novel; if they get out of control, you end up in the emergency room.

In the individual patient, it is not hard to see how this is the line that separates creativity from gross disorganization. From society's point of view, this leads to a dilemma: There is a cost to curing madness. Were we to conquer manic-depressive illness the way we have conquered, say, polio and smallpox, we might find our cultures diminished. The twinning of madness and genius is such that eradicating the one may have unintended but predictable effects on the other. A most extraordinary example of this twinning occurred in a genius with a different mental ailment. Dostoyevski was an epileptic. He described the pre-epileptic aura, the moments of suspension just before the onset of the seizure, as a flash of inner light and felicity, a sensation of indescribable bliss and serenity. In "The Possessed," Kirilov, an epileptic, says: "There are seconds — they come five or six at a time — when you suddenly feel the presence of the eternal harmony perfectly attained." Says Prince Muishkin (in "The Idiot") of the moment before his seizure: "It would give my whole life for this one instant."

To be sure, Dostoyevski's pre-epileptic ecstasy is as rare as his genius. Nor will most manic-depressives qualify for the faculty of the Iowa Writers' Workshop. But Dr. Andreasen's demonstration that illness may sometimes be allied with genius is a comfort of sorts. Anything that makes suffering a bit less pointless must count as good news. Washington Post Writers Group.

LETTERS TO THE EDITOR

These 'Invaders' Were Recruited by a Europe in Need

In response to "Belgian Aide Calls Muslim Immigrants 'Barbarians'" (Oct. 31) by Joseph Fitchett:

Joseph Michel, Belgium's interior minister, said that Belgians "risk being like the Romans — invaded by barbarians. The barbarians are the Arabs, the Moroccans, the Turks and the Yugoslavs."

But in the 1960s and early '70s, European recruiting agencies moved whole departments to these countries to recruit the manpower needed to turn the European industrial machine and to replace Europeans in "demeaning" jobs. These immigrants, lured by material advantages, abandoned their families, their land and even their social status to work in an environment that was utterly strange to them. Since their primary objective was to pump money to their families back home, they had to settle for austere living conditions. Europeans welcomed them then without taking much notice of how different they were.

Things have changed. Now Mr. Michel says that these are people "who come from very far away and who have nothing in common with our civilization." I am tempted to answer by evoking the story of Africans in the United States as a lesson, but it is a long one. I will simply say that human beings are not cattle — you cannot move them around without expecting to upset both your civilization and theirs.

It is time Europeans engaged in some constructive thinking on this problem. There are two alternatives, both expensive. One is to encourage immigrants to return to their native countries by offer-

ing substantial financial indemnities — the kind of bait that brought them to Europe in the first place. The other is to accept them as citizens and pay the price for their integration.

We should never have accepted the large-scale uprooting that took place before 1975 without any guarantees. We lost our dignity in exchange for hard currency. It is proving very costly.

MOHAMMED LEBBADI, Casablanca, Morocco.

Mr. Michel seems hell-bent on producing more Khomeinis in the Islamic world. KAREN A. AMIN, Athens.

Dealing With AIDS

Regarding "Fear, the Dark Bond Between One's Conscience and Bigory" (Meanwhile, Oct. 14) by Anna Quindlen:

The author has the right to mix with her friends as she wishes, but one questions the right to put her children into any situation that may carry an avoidable risk to their health. One steers one's children away from polluted beaches, unpasteurized milk, strangers or even school friends who may have a contagious illness. We vaccinate them as protection and do not take them into areas where typhoid, smallpox or other diseases are prevalent.

For all the assurances about how it is transmitted, AIDS remains a communicable illness — and it is fatal. I am involved in the arts and have many friends at risk from AIDS, but if I

must choose between the safety of my own family, which now includes a tiny and vulnerable baby, and the feelings of a friend, then my family comes first. If this makes me a bigot I am willing to take, though not accept, the criticism.

It is time to take the emotiveness out of AIDS, and to treat it like any other communicable disease. We must be both humane and sane.

SALLY WHYTE, London.

A Revolution on Hold

Regarding "Telecommunications Revolution Highlights European Differences" (Special Report, Oct. 20):

Giles Merritt has missed an essential point about the development of a competitive European communications network: All the computerized equipment and high-technology mean nothing if one cannot obtain access to reliable telephone and telecommunications lines to transmit the desired information.

Here in Belgium, it takes three to six months simply to obtain an operating telephone line. A facsimile line takes nine to 12 months. The "technology revolution" will never be truly successful until such delays are eliminated.

KEVIN B. NACHTRAB, Brussels.

The Drive of Mr. Salinas

Regarding the news report "Energy, Drive Mark Mexican Candidate's Career" (Oct. 6) by Larry Rohrer:

Carlos Salinas de Gortari's nickname, Atom Ant, is said by Mr. Rohrer

to reflect "not only the traditional Mexican irreverence toward authority, but also ... the energy, drive and persistence that are the main components of his public image."

The first part of this sentence makes no sense. The sobriquet comes from a cartoon show. The main character is an ant whose superpowers enable him to perform magnificent deeds, quickly and efficiently. I cannot see how it illustrates Mexicans' disrespect for authority. If anything, it shows humorous recognition for Mr. Salinas's achievements.

ISABEL DE LUIS DE MACEDO, Geneva.

Noise in the Neighborhood

Regarding the report "Neighbors Upset With U.S. Embassy to Pretoria" (Oct. 28):

I have known Janice Farquharson, to whom the complaints of noise at the U.S. ambassador's home were attributed, for more than 30 years. She has a highly developed sense of criticism and I can testify to her powers of sarcasm and irony. But she cannot be accused of racism. If she complains of noisy weekend parties, she is entitled to.

If the embassy spokeswoman is correct that the complaint stems from construction noise, one may ask why work is being carried out over weekends. Senator J. William Fulbright piloted a successful bill through Congress some years ago to prohibit such construction by diplomatic representatives in residential areas in Washington. The essence of diplomatic relations is reciprocity.

J.B. SHEARAR, Geneva.

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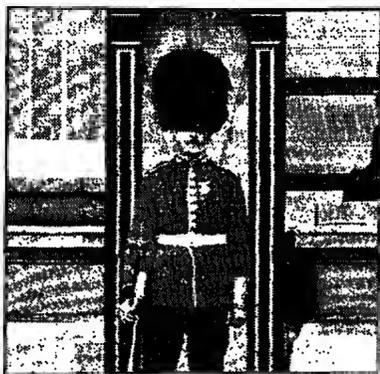
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Mobutu's Way: A Regime Based on Musical Chairs

By Blaine Harden
Washington Post Service
KINSHASA, Zaire — During a debate this year on Zaire's economic sickness, a number of professors from the University of Kinshasa made unflattering references to the leadership qualities of Mobutu Sese Seko, their president.

They spoke of misguided economic policy and corruption. Mr. Mobutu sat in on some of the debate, and afterward he asked that the professors be brought to him.

As the undisputed, all-powerful leader of black Africa's second-largest country, Mr. Mobutu had a number of options in disposing of the prickly academics.

He could have had them "rusticated" — a technique by which annoying minions are forcibly exiled to their rural villages.

He could even have had them hanged, as his government once hanged four former cabinet ministers who discussed the possibility of a coup.

But Mr. Mobutu chose the carrot, not the stick. He gave all the professors a healthy raise — junior faculty salaries jumped to \$480 a month from \$72; senior faculty salaries to \$1,280 a month from \$360. The teachers returned to the university, and there have been no more troublesome debates.

Of all the leaders of the 45 countries of sub-Saharan Africa, no one outdoes the figure of Mobutu Sese Seko Kuku Ngbendu Wa Za Banga. He is fabulously rich. His fortune is estimated at \$5 billion and includes 11 palaces in Zaire and assorted fancy houses in several European countries.

He is fabulously egotistical. His late mother has been transformed into a cult figure akin to the Virgin Mary, while he is called "the Messiah."

Yet, as his encounter with the professors demonstrates, Mr. Mobutu is no fool.

For the past 22 years, he has single-handedly manipulated the competing interests of 200 fractious tribal groups and 35 million people. On a continent cursed with coups and crawling with rebel armies, Mr. Mobutu presides over a nation in which there is thought to be no serious threat to his power. More than any leader in Africa, he has perfected the art of using power and money to keep the lid on.

"You can't even posit the unity of Zaire without Mobutu," said one Western diplomat. "He essentially carved out a nation out of a territory carved out of the forest by the Belgians. It is so immense that it shouldn't even exist as a country."

"Mobutu does not make any enemies who can threaten him," said another diplomat, explaining how Mr. Mobutu has survived. "This is not a regime based on repression. It

is based on palaver and compromise and buying off potential problems."

Conventional wisdom in Kinshasa says that, apart from Mr. Mobutu and his family, only 80 people in the country count. At any one time, 20 of them are ministers, 20 are exiles, 20 are in jail and 20 are ambassadors. Every three months, the music stops and Mr. Mobutu forces everyone to change chairs.

While oversimplified, the conventional wisdom does point to the

Only 80 Zairians count. At any one time, 20 are ministers, 20 exiles, 20 in jail and 20 ambassadors. Then Mr. Mobutu forces everyone to change chairs.

essence of Mr. Mobutu's ruling style. From 1965 to 1975, only 41 of 212 senior government officials held high office for five years or more. In that period, 29 leaders went directly from ministerial positions to jail.

"Cumulatively, these devices constitute a powerful mechanism of informal intimidation and suggest why systematic opposition has never arisen within the top organs of the state," writes Crawford Young, an authority on Zaire and professor of political science at the University of Wisconsin.

Perhaps the best witness to Mr. Mobutu's management wizardry is the current Zairian ambassador to Washington.

In the early 1970s, Nguzza Karl I Bond served as Zaire's foreign minister and then as political director of the country's ruling party. But in 1977, he fell out of favor, was ac-

cusied of high treason and sentenced to death.

Mr. Nguzza later told a U.S. congressional subcommittee that Mr. Mobutu personally threatened to shoot him. But instead he was tortured. Mr. Nguzza said torture techniques to which he was subjected included the application of electrical shocks to his testicles.

A year later, Mr. Nguzza was freed, and in 1979 Mr. Mobutu made him prime minister. Two years after that, he fled to exile in Belgium and wrote perhaps the most scathing indictment of Zairian corruption ever printed. He came to Washington and told the House subcommittee on Africa that Mr. Mobutu had hundreds of millions of dollars out of government coffers and injected the money into a Swiss bank account.

Some time after that, Mr. Mobutu invited Mr. Nguzza home. And last year, to the astonishment of the State Department, Mr. Mobutu made him ambassador to the United States.

Last week, Mr. Mobutu did it again. Bearing gifts, he turned on his enemies. Three opposition politicians whom he had ordered jailed in 1983 for seeking to establish an opposition political party were appointed as members of the ruling party's central committee.

Mr. Mobutu, 57, grew up poor. His father was a cook for a colonial magistrate. His mother worked as a hotel maid. At the age of 19, he was booted out of missionary school for disciplinary problems and was conscripted into the colonial army.

He rose quickly to the rank of sergeant-major, relying on his good French and knack for making important friends. At 25, he left the army and became a journalist in Leopoldville, as Kinshasa was then called, where he made contacts with European patrons and a circle of ambitious men who were to become the elite of Zaire. He traveled to Belgium, where his biographers have noted he made contacts with operatives in the Central Intelligence Agency.

At Zaire's independence from Belgium in 1960, Mr. Mobutu was



Mobutu Sese Seko

well positioned to become commander of the army. During the five years of anarchy and bloodshed after independence, Mr. Mobutu appointed people loyal to him to key positions in the military. Possessing a passion for power that was unmatched among his peers, he emerged in 1965 as undisputed leader of the Second Republic.

While many leaders on the continent have hacked away from the conspicuous consumption that marked the early years of independent Africa, Mr. Mobutu has not.

He routinely charts a French Concorde for his world travels. According to diplomatic sources, government aircraft is dispatched regularly from the president's huge private farm in his ancestral home

of Gbadolite to pick up plants in South Africa and livestock in South America. He entertains on a river boat that he seized from a government agency. He is, diplomats say, an unusually gracious, attentive and generous host.

"Mobutu simply does not believe that the millions of dollars wasted on the Concorde is money that could be put to good use in his country," said one diplomat.

Mr. Mobutu does spread money around. According to Mr. Young, the Zaire scholar, spreading money around is a key to Mr. Mobutu's survival.

In his book "The Rise and Decline of the Zairian State," Mr. Young writes: "To sustain the system, large patronage investments have been necessary to ensure the continuing loyalty of the presidential fraternity of close collaborators who staff the key agencies of the state and, above all, the security forces. To some extent the faithful have been permitted or even encouraged, to remunerate themselves by participating in similar schemes to intercept public money."

In the early 1970s, Mr. Mobutu turned over most foreign-owned businesses to Zairians, many of whom were friends of the president. Many of these businesses collapsed, and the country suffers from a chronic lack of small entrepreneurs capable of supplying goods and services in Zaire's vast interior.

To keep tabs on his unique system of government, Mr. Mobutu uses several competing intelligence networks. Diplomatic sources say he receives intelligence reports every six hours. They also say that Mr. Mobutu, after 22 years of shuffling and co-opting his subordinates, is still at the top of his game.

"He runs a bloody big country extremely tightly," said a European diplomat, whose opinion echoes that of many foreign observers in Zaire. "He is an awesome man, with aura and presence. I think the country is more stable and united now than at any time in the past 22 years."

Tunisian Pledges Political Changes

Reuters
TUNIS — Prime Minister Hedi Baccouche pledged far-reaching political changes on Tuesday, promising to create a multiparty state in Tunisia.

Mr. Baccouche, a long-time ally of the new president, Zine al-Abidine Ben Ali, was named prime minister early Saturday after Mr. Ben Ali deposed President Habib Bourguiba, who he said was senile.

"We are determined to make pluralism a reality," Mr. Baccouche said at his first news conference. But he dampened expectations that general elections would be held.

Flanked by numerous ministers, Mr. Baccouche repeated promises made by Mr. Ben Ali after he took power that laws against opposition parties would be reviewed and greater press freedom allowed.

Appearing to rule out swift elections, the prime minister stressed that the primary task of the new government was to build a national consensus in which political debate could take place.

"All those who conform to this will be allowed to set up political parties," he said. He added that the present parliament, which has a mandate until 1991, could decide to hold legislative elections.

Mr. Baccouche confirmed that Mr. Ben Ali would be a presidential candidate if there was an election. "He will submit himself when the time comes," Mr. Baccouche said.

The prime minister gave few clues as to how much political opposition would be permitted by Mr. Ben Ali's administration. But he hinted that it could include at least some Muslim fundamentalists.

He noted that some fundamentalist groups had welcomed Mr. Bourguiba's removal from power.



A supporter with a portrait of Zine al-Abidine Ben Ali, the new Tunisian president, at a rally at the presidential palace.

Islamists could undertake political activity, but first we must set up the conditions," he said.

Mr. Bourguiba's last years in power were marked by a vigorous crackdown on Islamic fundamentalist groups accused of plotting to overthrow the state.

In October, two men convicted of hotel bombings in tourist resorts were hanged.

Mr. Baccouche confirmed that the president-for-life clause in the Tunisian Constitution, under which Mr. Bourguiba had clung to office, would soon be eliminated.

Charles Holland, Tenor, Dies at 77

New York Times Service
NEW YORK — Charles Holland, 77, an American tenor who pursued his career primarily in Europe and was rediscovered by the American avant-garde late in life, died Saturday at his home in Amsterdam.

Mr. Holland, who was born in

Norfolk, Virginia, had a promising career in the United States but felt that his opportunities were limited there because of racial prejudice.

In the United States he sang with Benny Carter's and Fletcher Henderson's jazz bands in the 1930s, appeared in musical theater and had a radio program on the NBC

network. He then shifted his emphasis to classical singing, and appeared in Virgil Thomson's "Four Saints in Three Acts" and Marc Blitzstein's "Airborne."

In 1949 he moved to Europe, where his career prospered. He sang on French radio and television, made his debut at the Paris Opera in Mozart's "Zauberflöte" in 1954 and became the first black singer at the Opera-Comique the following year. He sang Verdi's "Otello" in London and appeared throughout Europe in operatic roles and lieder recitals.

Other deaths:

John F. English, 61, a longtime national and New York state Democratic Party leader who was identified with the Kennedy family, Saturday of cancer in Rockville Centre, New York. Mr. English was a top advisor to John F. Kennedy and his brothers, Robert and Edward.

John Logan, 64, a poet who founded the Chicago-based poetry magazine Choice in the early 1960s and was poetry editor of The Nation magazine, Friday in California.

Paul K. Cook, 62, of Alexandria, Virginia, one of the leading U.S. specialists on the Soviet Union, Sunday, apparently of a heart attack. He worked at the State Department and the Library of Congress, charting and predicting the rise and fall of members of the Soviet hierarchy.

UN Assembly Backs Resolution Calling For Troop Pullout from Afghanistan

Reuters
UNITED NATIONS, New York — For the ninth time since Soviet troops intervened in Afghanistan in December 1979, the United Nations General Assembly called Tuesday for the immediate withdrawal of foreign troops from that country.

The vote on the resolution, sponsored by nearly 50 countries, was 123-19, with 11 abstentions, a record majority of 104. Last year, the vote was 122-20, with 11 abstentions. The resolution is almost identical to those previously adopted. It does not mention the Soviet Union by name and refers only to

"foreign troops" and "foreign armed intervention."

In the resolution's key paragraph, the assembly "calls for the immediate withdrawal of the foreign troops from Afghanistan."

The resolution reaffirms the right of Afghans to determine their own form of government and to choose their economic, political and social system free of outside intervention.

It calls for a political solution and creation of conditions enabling the estimated five million Afghan refugees, now mainly in Pakistan and Iran, to return voluntarily to their homes "in safety and honor."

The resolution also calls for continued UN efforts to work out a political solution in Afghanistan. Since 1982, the United Nations has sponsored talks between Afghan and Pakistani representatives in Geneva. They remain deadlocked on a timetable for a Soviet troop pullout.

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Niger Leader Dies After a Long Illness

The Associated Press
PARIS — President Seyni Kountché of Niger died Tuesday in a Paris hospital, French sources said. He was 55.

Earlier in the day, the army chief of staff had announced he was taking control of the government.

General Kountché had been flown to Paris a half-dozen times in the past 10 months for medical reasons, although there has been no official explanation of the nature of his illness. The French news agency, Agence France-Press, citing a variety of sources, said he had been suffering from a brain tumor.

Niger radio reported earlier Tuesday that the army chief of staff, Colonel Ali Saibou, had taken control of the government because of the "very worrisome health" problems of the head of state.

The broadcast, monitored in Abidjan, Ivory Coast, said the nation's Supreme Military Council had made the decision, which would be in effect "until further notice."

General Kountché came to power in a 1974 military coup.

In June, voters approved a referendum on a national charter outlining national goals and objectives. The charter was four years in the making and was to serve as the model of a new constitution that was to take the place of the one suspended in 1974 when General Kountché took power.

No timetable is set for a return to civilian rule.

Niger, more than twice the size of France, its former colonial ruler, has a population of six million.

Western diplomats in the capital, Niamey, said the public became aware of the president's health problems in January when he had to be helped from the set during an appearance on national television.

Born in July 1931 in Fandou into a family of traditional leaders of the Gabba tribe, General Kountché received military training in Mali and Senegal before joining the French Army to fight in Indochina.

Returning to his homeland in 1961, a year after independence, he continued his military career.

In 1973, he was named army chief of staff, and a year later led the coup.

He then established the ruling 10-member Supreme Military Council, which he headed.

2 Bombs Rock Singapore District

Reuters
SINGAPORE — Two bombs exploded early Tuesday in Singapore's financial district, damaging commercial buildings but causing no casualties, the police said.

Later, a bomb threat was reported in a 12-story building housing the Israeli and Canadian diplomatic missions, but a search turned up no bomb.

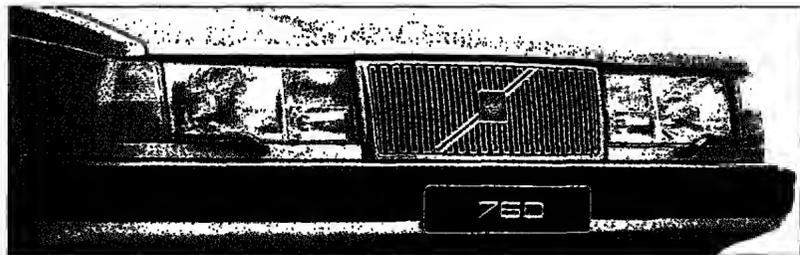
A police spokesman said that no arrests had been made and that no one had taken responsibility for the bombings. The spokesman said a bomb shattered glass in the American International Assurance Building about midnight. A few hours later, a second bomb went off outside the Shell Tower, which houses commercial offices.

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Hong Kong's Young Professionals Fleeing in Drove

By Nicholas D. Kristof
New York Times Service

HONG KONG — Four decades after their parents and grandparents swarmed from revolutionary upheaval in China to the safety of Hong Kong, young Chinese professionals are again fleeing Communism, packing their bags for Canada, the United States and Australia.

With fewer than 10 years remaining before Hong Kong is returned to the Chinese mainland, more and more of the British territory's brightest lights are deciding that they do not trust China to allow Hong Kong to remain capitalist, decadent and efficient.

This year more than 10,000 will say farewell to the "fragrant harbor," as this city is known in Chinese, and dutifully brace themselves for Canadian winters and other hardships still only dimly understood.

"People used to ask me vague questions about the future," said Wong Shi-keung, a traditional fortune-teller whose premises attract middle-class Chinese. "Now they ask more focused questions: 'Should I stay in Hong Kong after 1997?' or 'Will foreign countries offer brighter career prospects?'"

On July 1, 1997, it will be the marriage of the century: China, one of the most regulated societies in the world, enormous and sluggish; and Hong Kong, a monument to laissez-faire, a tiny, pulsating territory whose economy already dominates a broad swath of southern China.

The amalgam will have far-reaching implications for all of China, and even now, 10 years before the nuptials, expectations of what it will bring are transforming Hong Kong.

But it is an arranged marriage, and one that gives the 5.6 million inhabitants of Hong Kong deep reservations. The apprehensions, which seem to be a particular preoccupation of the middle class, are compounded by the belief that Britain and China are conspiring to thwart the emergence of democracy, so that Hong Kong will not develop political institutions that could challenge Beijing. The colony is now governed by officials appointed by Britain.

Iris W. Y. Lam, 30, a banker with an easygoing manner reminiscent of her student days at the University of Southern California, is one of those leaving. "My dad was in Shanghai in 1949, when the Communists took over," she said. "The Communists promised people freedom then, but they lost everything."

Miss Lam, who is to leave next month for Toronto, worries about finding a job and regrets having to leave the world she knows in Hong Kong. But she has no doubts about the wisdom of her decision to emigrate. In

the United States, apparently more students proportionally than from anywhere else.

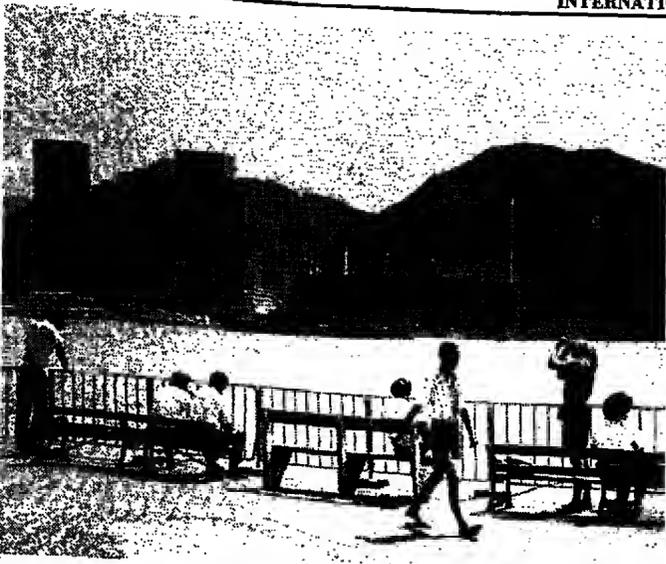
Until the end of September, the United States limited to 600 the number of Hong Kong-born people who could receive immigrant visas in any year, not counting spouses and minor children of American citizens.

Many more visas were granted because many recipients were spouses or underage children of Americans, and because many were born in China but now live in Hong Kong. The limit was raised to 5,000 in the fiscal year that began Oct. 1. The United States gives preference to family members of Americans and to those with special skills.

Some of those going abroad will return to Hong Kong in a few years, clutching their new foreign passports. But emigration advisers say that as 1997 nears, more and more of the emigrants, especially younger ones, say they will build their lives abroad.

Although the brightest young professionals are unconvinced, many of Hong Kong's manufacturers are optimistic that China will allow Hong Kong to remain a place to make and keep money.

As Chinese influence has expanded, British influence has declined. Last year, for the first time, Americans outnumbered Britons among the expatriate residents.



The view toward Hong Kong island from the waterfront in Kowloon. Nicholas D. Kristof/The New York Times

For Afghan Refugees in Pakistan, Welcome Mat Is Wearing Thin

By Michael Geder
Washington Post Service

SADDA, Pakistan — Eight years after millions of Afghans fled the Soviet intervention in their country, the refugees face the prospect of another upheaval, one not of their own making and out of their control.

An estimated three million Afghans, the largest refugee population in the world, have been settled in more than 350 refugee camps such as the Tindo camp at Sadda, in Pakistan's North-West Frontier Province, a few miles from the border with their homeland.

In addition, an estimated half-million "unregistered" refugees live outside the camps, jamming the streets, bazaars and outskirts of Peshawar, the provincial capital, and a handful of other towns.

Aid officials from Western and Islamic countries praise Pakistan's role in absorbing such a huge influx of people over the years and add that the assistance programs being run with the help of more than 50 relief agencies from a score of countries and the United Nations are not only the biggest but probably the most effective in the world.

Yet there are signs that the welcome mat is wearing thin. "The people are getting fed up now with looking after the refugees," said Ghulam Jatoi, head of the National Peoples' Party, a Pakistani opposition group.

The traditional welcome and giv-

ing of shelter to Islamic brothers from across the border is disappearing. "Remember," Mr. Jatoi said, "the Prophet Mohammed also said to make sure that you were not a guest for more than three days. So we have given them eight years."

This view, which seems to be shared by a growing number of Pakistanis, is due in part to the size of the refugee population, the duration of their stay, the strain on scarce local resources and the entrepreneurial instincts of many Afghans, who have cut in on Pakistani businesses and land, especially in the northwest.

It is also due partly to the war-related increase in gunrunning and drug smuggling that has made the traditionally wild northwest tribal areas even wilder. There are an estimated 650,000 heroin addicts in Pakistan, compared to perhaps only hundreds five years ago.

The sense of frustration is deepened by the lack of any solution to the seemingly endless, stalemated war between the Afghan resistance fighters, known as the mujahidin, and Soviet and Afghan government forces.

In the past year, an even more explosive incident has been added to this mixture. Senior Pakistani officials and Western diplomats say they are convinced that an apparently effective new strategy of subversion and terrorist bombings, aimed at the Pakistani population and easily

blamed on the refugees, is being directed by the secret police of the Soviet-backed government in Kabul.

This year, said a top Pakistani official familiar with detailed intelligence reports, more than 300 people have been killed and perhaps 1,000 injured in bomb blasts. The attacks, whose range has spread from the Peshawar area to the cities of Karachi, Lahore and Rawalpindi, almost always touch off demonstrations against the refugees. In the eyes of many Pakistanis, it is their presence that is causing the bombings.

The strategy, the official explained, is to drive the wedge even deeper between the Pakistani population and the refugees. The apparent goal is to bring enough pressure on the government, through the threat of destabilization, to force it to accept terms more favorable to Moscow and Kabul in U.N.-mediated talks aimed at finding a settlement.

Pakistan's role in the war is crucial. Aside from absorbing the refugees, it has allowed its territory to become the principal funnel for secret aid, money and weapons to the rebels, primarily from the United States but also from China, Egypt and Saudi Arabia.

There is no sign that the government of President Mohammad Zia ul-Haq is wavering from the U.S.- and Pakistan-supported call for a Soviet troop withdrawal and a free-

ly chosen new government for Afghanistan. But, by all accounts, domestic pressure is intensifying for a settlement of the war with less concern for the postwar details.

The stakes are also high for U.S. policy. Growing resentment toward the refugees spills over onto the government and, in turn, toward Washington, since it is widely perceived by Pakistanis that the government's key role in supporting the Afghan resistance is linked to a \$4 billion multiyear U.S. economic and military aid program.

Knowledgeable officials say the refugees are not involved in the urban terrorist attacks. The Afghan intelligence agency, known as

KHAD, slipped many agents into Pakistan with the refugees to seek recruits, but that effort was not successful, senior Pakistani officials said.

They said Kabul had since changed its strategy and had trained and recruited people to carry out attacks from the tribal areas in northwest Pakistan, a region that is not controlled by the central government and where money traditionally can buy almost anything or any deed.

"Seventy-five percent of the saboteurs that are caught are ours," said a top Pakistani official.

"The tribesmen are good capitalists," he added. "They are not tri-

ters. They just have no concept of patriotism."

The refugees are caught in the middle. Yet the overwhelming majority of them play no role in the two explosive forces that may determine their fate: the emergence of the terrorist bombing campaign and the economic problems caused by unregistered refugees.

"There is tremendous pressure on the province and the people here," said Arbab Jehangir Khan, Peshawar-based chief minister for North-West Frontier Province, which alone has 2.1 million refugees.

When the refugees came, he said, many were business people and

farmers who brought their own transportation, including thousands of buses and trucks, and millions of head of cattle.

"The pressure on our roads, schools, hospitals, grazing grounds is enormous," he said. The refugees raid valuable forest land for wood and "take up the meager job opportunities" in and around Peshawar, he said.

In the vast number of isolated camps such as Tindo, these complaints seem unrelated to the reality of the refugees' empty lives. They say they only want to return home to a sovereign Afghanistan, free of Soviet troops, not make a new life for themselves in Pakistan.

At Tindo camp, the overall impression is one of emptiness and solitude. There are few men present among the 1,400 families and 10,500 people who live among the mud-walled family compounds, and conservative Islamic women withdraw out of sight of male visitors. About 2,500 of the camp's men are in Afghanistan fighting with the resistance, officials said.

The Afghans and Pakistanis "are of one religion, custom and culture," said a camp elder Mohammed Nazir, 52. "And they know we are here of necessity, not choice. "Even if we were given gold every day," he added, "we would not live here."

Dutch Group Aids Transplants

By Ronald van de Krol
Special to the Herald Tribune

LEIDEN, Netherlands — A 13-year-old boy waits in a hospital in Hannover, West Germany, for the telephone call that will signal the start of a long-awaited liver transplant.

In Belgium, a 42-year-old woman travels to a hospital in Brussels for the kidney dialysis treatment that will keep her alive until a suitable donor kidney has been found.

In both cases, the crucial telephone call will come from the Eurotransplant Foundation, a nonprofit Dutch foundation that serves as a central clearinghouse for matching transplant candidates and donor organs in five European countries.

The foundation, which is marking its 20th anniversary this year, has helped arrange more than 20,000 kidney transplants alone since 1967.

But as medical technology advances, Eurotransplant is confronting a widening gap between the number of candidates awaiting transplants and the number of available organs.

"The boy in West Germany has been on our urgent list of liver transplants for months," said Maarten Sulzer, a medical student who helps answer telephones to keep Eurotransplant open 24 hours a day, seven days a week.

The needed liver may come from West Germany, or from Austria, Belgium, Luxembourg or the Netherlands, the other countries involved in Eurotransplant.

The foundation, which occupies a corner of Leiden University's teaching hospital, uses its computer data bank to match thousands of patients with available organs.

It also helps charter planes and coordinate medical teams that rush organs to surgeons waiting to per-

form transplants in participating countries.

Through Eurotransplant, a Luxembourg donor's liver may be implanted in the boy in Hannover, the same donor's kidneys may be used to free the woman in Brussels from dialysis treatment and the heart and cornea may be given to patients elsewhere — all within 24 hours or less.

The foundation recently has decided to invest in a bigger, more advanced computer system, which is necessary, in part, to handle the increased complexity of arranging multi-organ operations, such as heart-and-lung transplants, across national borders.

While the frontiers of medicine are being expanded, however, the number of donor organs is lagging. Dozens of Eurotransplant's patients die each year while awaiting a transplant.

The gap is partially explained by advances in medicine, which are allowing more patients to be added to the list of suitable transplant candidates.

"When kidney transplants were first performed," said Bernadette Kromwijk, secretary of the Eurotransplant board, "they could be done only on a very select group that otherwise enjoyed good health. But nowadays, diabetes sufferers can also receive kidney transplants, and the upper age limit keeps rising."

Of the 8,000 patients awaiting a kidney transplant in Eurotransplant countries, 20 percent are now over the age of 55. In 1982, only 5 percent were in that age group. But only about 2,000 donor kidneys are expected to become available this year, so most patients will wait several years for their transplants.

Another factor in the widening gap is a decline in the number of fatal traffic accidents in Europe. Tougher drunken driving laws, new seat belt regulations and laws re-

quiring motorcyclists to wear helmets have helped curb road deaths. "It sounds odd, but 60 percent of transplantations are dependent on traffic fatalities," Ms. Kromwijk said. "The majority of donors are healthy, relatively young people who meet with a sudden death, and that usually means a road accident."

The supply of donor organs varies widely from one country to another. The supply is highest in Austria, where 31 donor kidneys became available per million inhabitants in 1986. The lowest number is in the Netherlands, where just under 26 kidneys were donated per million residents.

Ms. Kromwijk said the discrepancy reflected differences in laws on donating organs, not in cultural or religious beliefs. Austria, like France, the Scandinavian countries and, more recently, Belgium, adheres to a "no objection" system, which allows doctors to remove organs from a deceased patient unless the patient had objected before death.

Dutch laws, however, do not provide any explicit legal basis for organ "harvesting," as the removal of organs is described in medical literature.

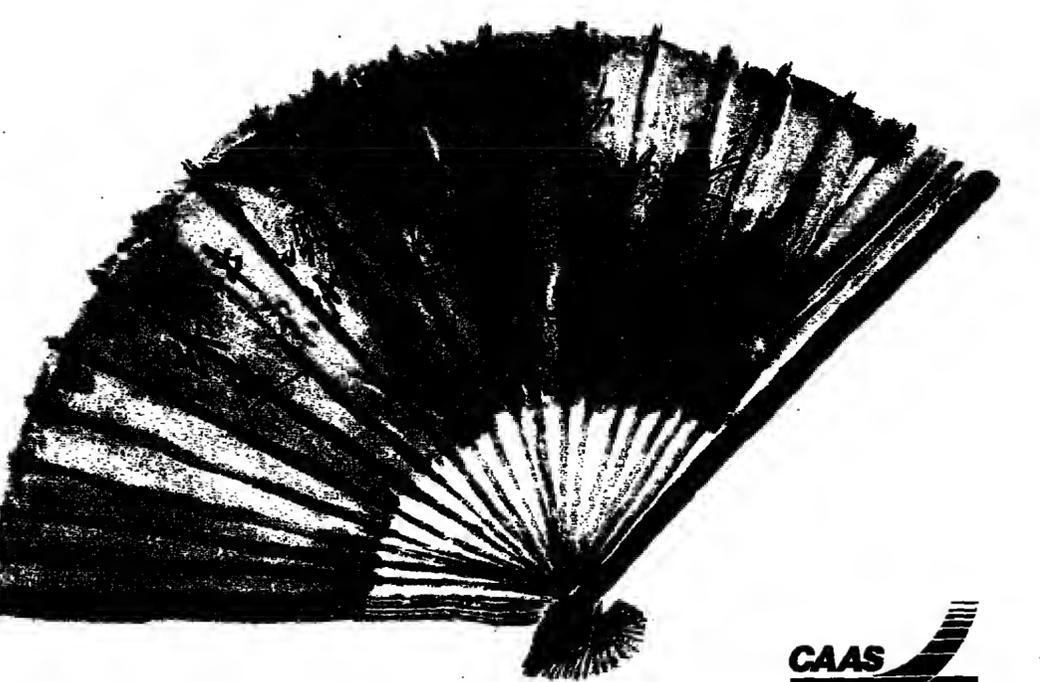
Doctors may not remove organs for transplantation without the approval of either the deceased, who must have signed a donor card before his death, or of his relatives. The Dutch government has announced plans to draft a new transplant bill, but it is not expected to introduce a "no objection" system, like Austria and Belgium.

Eurotransplant has a staff of 30 and an annual budget of 6 million guilders (\$3.3 million), which is raised by charging medical insurance companies and national health plans a fee for every patient registered in its data bank. In the Netherlands, for example, that fee is 6,600 guilders.

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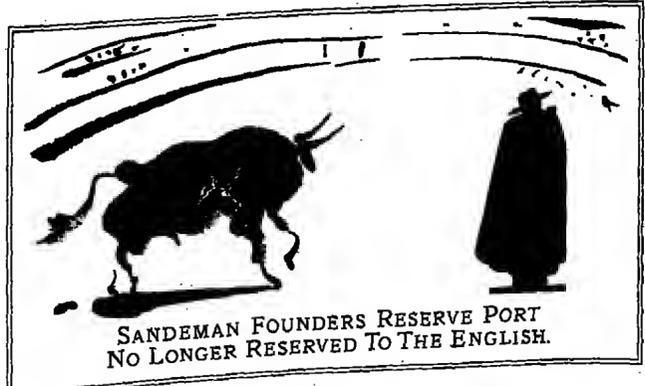
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ISTANBUL

Built on two continents — Europe and Asia — and separated by the Bosphorus, Istanbul is a city undergoing rapid change as the business, financial and industrial hub of the country. A look at some of the latest developments and the historical and cultural background of the metropolis.



Leander's Tower with the silhouette of Istanbul behind.

ISTANBUL in the 1980s is a city in the midst of rapid and ambitious changes. If all goes according to plan, round about the end of the century the city will be not just a bustling Turkish industrial metropolis of 8 million people, but a business and financial center for the Eastern Mediterranean and the Middle East.

His colleagues at the city's Chamber of Commerce estimate that the city is also responsible for about 60 percent of Turkish imports, expected to be around \$12 billion this year, and about 50 percent of the country's \$3.9 billion annual exports.

Importance as a trade center has brought with it a role as a financial one. Since 1980 the number of foreign banks in Turkey has jumped from 4 to 23. All of the new arrivals

have their headquarters in Istanbul. Virtually all Turkish banks, other than a few state banks, have their headquarters in Istanbul rather than Ankara, the country's political and administrative capital.

The changes in Istanbul are intimately linked with the ambitious economic restructuring plans of the Turkish prime minister, Mr. Turgut Ozal, who has ruled the country since 1983. Mr. Ozal is the moving force behind all the financial and business changes now under way.

Local municipal revenues were wholly inadequate to deal with this challenge and, by the late 1970s, Istanbul was a city out of control. Political stability was restored when the Turkish army took power in a bloodless coup in 1980 and set about reshaping the country's political and economic life.

The Dalan years have been a unique period of renewal in Istanbul's history this century. Not everyone likes the mayor, but public opinion polls give him a stratospheric 90 percent approval rate.

Does this mean that it will become an international business center as the Ozal government hopes? Probably, but not certainly. Foreign businessmen in the city still think that its services have some way to go before it can play a much larger international role.

Mayor Heads Drive To Reshape City

THREE and a half years as mayor of Turkey's largest city have catapulted Mr. Bedrettin Dalan, 42, to national prominence enjoyed by none of his predecessors. Turks outside Istanbul hope that he will eventually be drawn into national politics.

international business environment able to hold its own with any in the world. To put the city on the map, he has invited the British universities of Oxford and Cambridge to stage an annual boat race on the Golden Horn. He is building an Olympic village and hopes that it will host the Olympic games either in 2000 or 2004. In 1988 or 1989, Istanbul will play host to the Miss Universe Contest.



Mr. Bedrettin Dalan, Mayor of Istanbul.

metropolis which has dominated his life. Jak Kamhi, one of Istanbul's top industrialists, compares Mr. Dalan's work with the great nineteenth century redesigner of Paris, Haussmann. There is no doubt that Mr. Dalan will leave Istanbul looking very different from when he took office in 1984.

to have endless energy and a very thick skin. He has gone through with demolition work when he deemed it necessary, knowing full well that years of court cases against him would follow afterwards. He has stood under a plane spraying insecticide to demonstrate that it was not dangerous. He is to be seen, with his entourage, at every major function in the city. His personal magic seems to disarm even the most disgruntled Istanbulite.

Istanbul, Center of Banking and Finance

AT the end of this year, for the first time ever, Turkey's banks will have to produce independently audited balance sheets. This will not trouble the minority of banks which have been externally audited for the last half decade or more. But for others, as one foreign banker observes, "some of the news may be quite disturbing."

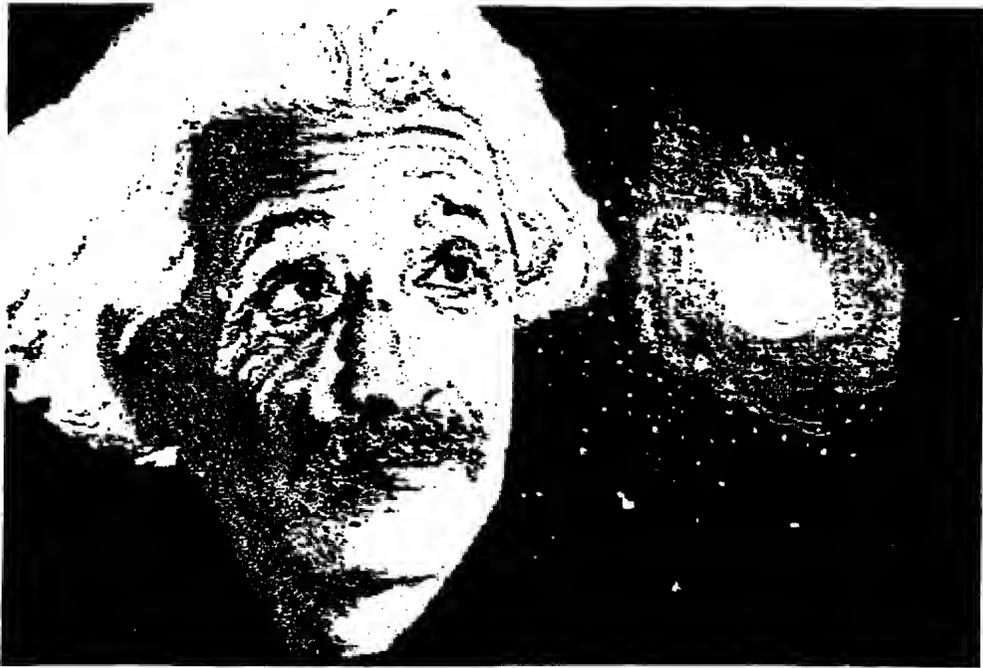
interest rates in 1980 gave the banks a jolt, one which many of the larger ones still have not adjusted to. Meanwhile, smaller banks, foreign and local, have found a profitable niche in the market handling trade finance, and recently, merchant bank and specialist services such as leasing.

bring down interest rates and create stability in the markets. The fear among conservative bankers is that stability can be achieved only after a period of cut-throat competition, spiraling rates and some crashes, and the Central Bank has so far only introduced it for deposits of one year and more. It fixes other deposit rates, though it allows competition on lending rates.

With several industrial groups and more than one bank known to be finding it hard to stay in business, the feeling is widespread that the coming year could be a bumpy ride for the weaker operators in the market. For the more professional ones, however, profits should be as healthy as ever. An Ozal election victory is expected to release a wave of new business activity.

This Advertising Section was written by Thomas Paulson.

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Cosmos and Albert Einstein (1879-1955). Image by Saul Bernstein.

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ARTS / LEISURE

A Definitive 'View From the Bridge'

By Sheridan Morley
International Herald Tribune

LONDON — It is hard to believe that there ever has been a better production of Arthur Miller's "A View From the Bridge" than the one that now comes from the National Theatre to the Aldwych Theatre. While his native Broadway, the American theatre helped to shape and dignify after the war, and of which he is unquestionably the greatest living graduate, has turned its commercial back on Miller and is deservedly dying of its own intellectual carelessness, London has always kept him in production — five major premieres and revivals of his work at the National

and the Royal Shakespeare alone during the last five years. Now comes the definitive staging by Alan Ayckbourn of a 30-year-old play that has not in the past been without its problems.

Under the huge and dominant skyline of the Brooklyn Bridge, we are introduced to an immigrant domestic tragedy framed within the guidelines of classical Greek drama. Eddie Carbone, played by Michael Gambon in what has to be the performance of the year, is the self-destructive yet ever-bullish longshoreman unknowingly in love with his own niece. When that love

is first revealed and then threatened by the arrival of a Sicilian "submarine" who has to be kept in hiding while he attempts an illegal living on the docks, Eddie betrays him to the authorities and brings down on himself the full devastation of a moral code he has never totally accepted or even understood.

Miller's play, which started out as a one-act drama and remains among his tightest scripts, is about the clashes between morality and law, between romance and incest, between a code of honor and a way of life, but in the end it is always and only about Eddie. "I mourn him," as his lawyer and the play's narrator says, "with a certain alarm because he allowed himself to be wholly known." And that is the final test of Gambon's mythic and epic performance. Across two hours we do indeed get wholly to know Eddie in a way that we have seldom wholly known Willy Loman or John Proctor, the other two tragic heroes of Miller's best work.

A paunchy, powerful obsessive who lets you smell the sweat of his ships, as good a man as he had to be but finally brought down by a self-destructive passion that is animal in its savagery, Eddie goes out like a maimed lion, leaving only the wreckage of a family and a waterfront community. He could live with everything from the depression to the immigration authorities but not with his own incestuous desires.

And for the rest of Ayckbourn's British cast, brought up far from the shadows of Brooklyn Bridge and unacquainted with the code of immigrant conduct or the conscience of a nation in transition, one that Miller alone has always best expressed, this is no less of an

achievement. Elizabeth Bell as Eddie's down-trodden wife, Suzan Sylvester as their unlucky niece, Adrian Rawlins as the Sicilian stud, Michael Simkins as his avenging brother and James Hayes as the rueful narrator all give performances which are the distinction and the highlight of this London winter.

To the Mermaid from Stratford's Swan comes Jeremy Irons in a rare and noisier revival of "The Rover" by Aphra Behn, who was Britain's first notable female dramatist.

What we have here is a Restoration romp from 1677 concerning a group of cavaliers who, exiled to a Spanish colony during Cromwell's Parliament, start a series of romantic liaisons with three sisters determined to make the most of Carnival.

The play leaves a lot to be desired, and is inclined to fall apart somewhat too rapidly after the interval. By heavily doctoring its text and adding sizable chunks from its original source (Thomas Killigrew's "The Wanderer"), John Barton has come up with a kind of Pilgrim's Progress through foreign romantic disasters, one which allows Irons to define himself as a comical Douglas Fairbanks, admittedly with a voice that veers from Michael Crawford to Ralph Richardson in moments of crisis, rather than the poetic dreamer we have come to expect of him.

There are still one or two laughs in "The Importance of Being Earnest," at the Whitehall, though admittedly not many by the time

Hunge and Bracket have finished with it. A double drag act from radio and the concert circuit, Dame Hilda and Doctor Evadne differ from the redoubtable Wizardess of Oz, Dame Edna Everage, in that they lack her jocular savagery and manic jolliness, while declining even in the program notes to acknowledge their masculine identities as Patrick Fyffe and George Logan.

Trading in a ghostly kind of twee coyness, they seem like certain ventriloquists to have mysteriously found their true home on radio where something in their voices manages to conjure up a whole lost empire of cascading gentility. On stage they are inclined to freeze into their vast tea-cozy costumes, and in turning to Oscar Wilde for a few gags they have come badly unpinched.

The idea that Dame Hilda might make a strong Lady Bracknell is not in itself impossible. But having got that far, Hunge and Bracket and their director Lou Stein have decided that the play (given a straightforward revival by another company at the Royalty only last month) could not be left to speak for itself.

Accordingly we get frequent asides by Dame Hilda, welcoming us to her living room for the tea-time performance and then frequently commenting on the inadequacy of Dr. Evadne in her portrayal of Miss Prism. Worse than that, we also get a creaking subplot of their own devising whereby the friends supposed to be playing Cecily and Gwendolen have been delayed by (guess what) a missing handbag at Victoria Station, whereby requiring the two stars to play those roles as well while minor players are drafted from their audience and garden.



Hunge and Bracket in a scene from the drag "Importance of Being Earnest."

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Filming the Story of Hanna, a Hungarian Heroine

By Thomas Quinn Curtiss
International Herald Tribune

BUDAPEST — The story of Hanna Senesh, a Hungarian heroine of the World War II struggle against fascism on the eve of the arrival of Soviet troops, is being spread. Shooting for a movie about her has been completed in Hungary and the crew has moved to Israel for additional filming. Her diary and two accounts of her martyrdom — "A Great Wind Cometh" by Yael Palgi and "The Summer That Bleed" by Anthony Masters — have been published.

She was born in Budapest in 1921, the daughter of a popular comedy writer, and first encountered anti-Semitism backstage at one of her father's rehearsals when she heard two stagehands cursing Jews. A budding poet, she hoped to become a dramatist, but in 1937 the Nazi racial decrees were partially adopted by the Hungarian government and she was deprived of holding class office in her school. This converted her to Zionism and she emigrated to Palestine and joined a kibbutz.

As the Nazis seized control of

Hungary and began deporting Jews to death camps, a British unit stationed in Palestine was preparing to attempt to rescue captured pilots by parachuting into occupied countries of Eastern Europe. Senesh volunteered and after rigorous training was parachuted to the Hungarian border. Crossing it with two accomplices, equipped with a radio, she was captured and taken to Budapest on espionage charges. A security officer interrogated her under torture. She did not divulge her purpose, but her real name was discovered and her mother, who had remained in Hungary, was brought to share her cell in hopes that this would lead to a confession. She went on trial, but with the Red Army nearing Budapest the judges deserted. Though she had not been convicted, the prosecutor ordered her executed and she died before a firing squad.

This is the subject of "Hanna's War," which is being filmed in English by the Cannon company. Menahem Golan, the chairman of Cannon, is directing. After shooting on Lake Balaton in summer, the crew shot scenes in Budapest studios and streets. This month they are in Israel for the story's happy ending and its epilogue. Golan, known chiefly for his producing endeavors, studied under Michael Saint-Denis at the Old Vic of London and subsequently staged plays for the Habimah theater in Tel Aviv, including adaptations of such American classics as "Tobacco Road" and "A Streetcar



Maruschka Detmers as Hanna Senesh.

Named Desire." "The Magician of Lublin," "The Delta Force" and "Over the Top" are among his ventures in cinematic direction.

After a long search for an actress for Hanna, he picked the Franco-Dutch starlet Maruschka Detmers. Detmers made her debut in Jean-Luc Godard's "Prenom: Carmen" and has been seen in a remake of "Devil in the Flesh."

Her histrionic schooling has been scant, but she is deeply dedicated to her current assignment. She prepared her emotional scenes, some outbreaks of high hysteria, others of required icy control, in solitary contemplation in her dressing room. The fruit of these efforts was apparent recently when she appeared in a sequence in which she stands trial and is permitted to make a statement. As she outlines the principles that have guided her, she succeeds in conveying the nobility and beauty that suffering confers.

Ellen Burstyn, the recipient of Oscars and Tonys, plays Hanna's bewildered mother, mystified by her daughter's fiery spirit of revolt. Donald Pleasence has been entrusted with the part of the interrogator. "I have acted some decent people during my long career, but in films I am frequently called upon to be repulsive, to be an insane scientist intent on blowing up the planet, or the weird inhabitant of a haunted house, or a specter or a spook suspected of having murdered his whole family. Yet the role I relish most is that of John Farrow, the successful underwear merchant of Bernard Shaw's 'Misalliance.'"

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War Dominates Book Prizes

WASHINGTON — Memories of two wars dominated this year's National Book Awards, as honors were bestowed Monday night upon a novel of a Vietnam veteran's haunted dreams and a chronicle of the development of the atomic bomb.

The prize for the best fiction for 1987 went to Larry Heinemann for his second novel, "Paco's Story" (Farrar Straus & Giroux), which traces one soldier's experiences as the sole survivor of a massacre during the Vietnam War. The winner of the nonfiction award was Richard Rhodes for "The Making of the Atomic Bomb," published by Simon & Schuster. The selection of Heinemann's novel — described as "agonizing" and "down to the wire" by the chairwoman of the fiction jury was unexpected given the competition, which included Philip Roth's latest novel, "The Counterlife," and Toni Morrison's current best seller, "Beloved." The \$10,000 awards were presented in New York.

DOONESBURY



Various financial and market-related advertisements and charts, including 'Economic Scene', 'Currency Rates', and 'Interest Rates'. The charts contain data points and trends for various currencies and interest rates.

مركز من النخيل

WEDNESDAY, NOVEMBER 11, 1987

ECONOMIC SCENE

Lower Rates Comfort Hopes Of Avoiding a Recession

By MICHAEL QUINT

NEW YORK — The sudden decline in interest rates that began when stock prices plunged on Oct. 19 has been large enough to help assure many economists that turmoil in the stock market will not lead to a recession.

The drop in interest rates cushions the impact of the stock market, one economist said.

The drop in interest rates cushions the impact of the stock market, though it probably does not completely offset it, said Maury Harris, chief economist at Paine Webber Inc.

David Wyss, a financial economist at Data Resources Inc., an economic forecasting firm, noted that "it takes a longer time for lower interest rates to help the economy than it takes for the drop in consumer confidence to hurt the economy."

At last month's low point, stock values had lost about \$1 trillion since the peak prices in August, suggesting a cutback in consumer spending of \$30 billion or more.

Many of those who doubt that the October drop in stock prices will have a severe impact on the economy note that stock prices are still slightly higher than when the year began.

Compared with the end of 1986, the Dow Jones industrial average is up by 4.3 percent, the Standard & Poor's 500 index is up 3.4 percent, and the New York Stock Exchange composite index is up about 1 percent.

In the sector of the economy most sensitive to changes in interest rates — housing — activity has subsided since the year began because of higher interest rates.

Currency Rates

Table with columns for City, Rate, and other currency indicators. Includes Amsterdam, Brussels, Frankfurt, London, etc.

Table with columns for Currency, Par \$, and other indicators. Includes Australian dollar, Canadian dollar, etc.

Table with columns for Currency, 30-day, 60-day, 90-day, and other indicators. Includes Pound Sterling, Deutsche mark, etc.

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Automakers: A New Curve in the Road Dollar's Fall Strengthens Big 3 in U.S.

By John Holusha

DETROIT — When the stock market collapsed last month, U.S. automakers braced themselves for a sharp downturn in their already sliding sales.

But with the exception of expensive European models, that plunge has yet to materialize in the United States. Moreover, developments on the economic front — namely dropping interest rates and the falling dollar — have given the Big Three auto companies reason to hope that sales will continue at a healthy level.

Until last week, some analysts were predicting that a cutback in consumer spending triggered by the falling stock market would cause auto purchases in the United States to fall to a 6-million-unit annual level.

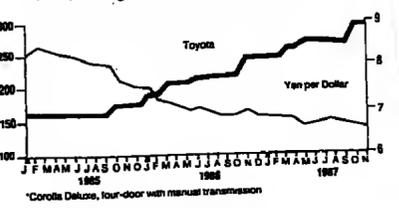
For General Motors, Ford and Chrysler, stronger European and Japanese currencies mean that Detroit's principal competitors must either raise prices in the United States and risk losing sales, or hold the line on prices at the expense of profits.

For makers of auto parts, the weaker dollar means they will have a much better chance of selling their components to the growing number of Japanese-owned plants in the United States.

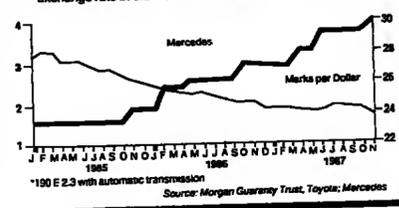
All this, however, may take a long time to unfold. Because the auto industry is so large and oper-

Prices of Imports Rise as Dollar Falls

Toyota and the Falling Dollar Base price of a Toyota, in thousands of dollars (right scale), compared with the exchange rate of the yen to the dollar (left scale).



Mercedes and the Falling Dollar Base price of a Mercedes, in thousands of dollars (right scale), compared with the exchange rate of the mark to the dollar (left scale).



Mercedes and the Falling Dollar Base price of a Mercedes, in thousands of dollars (right scale), compared with the exchange rate of the mark to the dollar (left scale).

Conversely, the weaker dollar may encourage companies manufacturing in the United States, including the Japanese "immigrant" plants, to expand their now modest plans to export cars.

The most immediate impact of the weaker dollar will be on the competitiveness of U.S.-made cars against imports.

General Motors Corp., for example, had been considering importing one or more models from its West German subsidiary, Opel, for sale in the United States.

Daimler, Toyota See Sales Drop

Compiled by Our Staff From Dispatches

NEW YORK — Both Daimler-Benz AG of West Germany and Toyota Motor Corp. of Japan expect their car sales in the United States to drop this year, according to officials of both companies.

Daimler, however, expects to recover some of this lost ground with sales in Japan almost double those of last year, a spokesman said.

Toyota cited the rising value of the yen for lagging U.S. sales. Daimler attributed its drop to the introduction of many new models last year, versus only one new model this fall.

Toyota's chairman, Eiji Toyoda, in a rare visit to New York, said the strengthening yen had placed Toyota, Japan's largest car maker, "in very difficult straits."

Mr. Toyoda, 74, declined to indicate whether Toyota planned to raise prices on its export models to keep pace with the rising yen.

Mr. Toyoda offered no direct policy recommendations to bring a halt to the yen's ascent. He said, though, that "it would not necessarily be a bad idea" for the United States to pare its budget deficit and for Japan to cut interest rates to stimulate the Japanese economy.

Hans Jordan, vice president for marketing at Mercedes-Benz of North America Inc., a Daimler subsidiary, said its U.S. car sales were expected to total about 90,000, or 10 percent below last year's record 99,300, ending two decades of mounting sales.

He said the company had felt few effects from the October 19 stock market collapse.

In Tokyo, a Daimler spokesman said sales of 18,000 cars in Japan in 1987, almost double last year's.

Shearson Posts \$70 Million Loss For October

The Associated Press

NEW YORK — Shearson Lehman Brothers Holdings Inc. reported Tuesday a loss of \$70 million after taxes in October, which it attributed to the collapse of stock prices.

Another major investment house, First Boston Corp., also said it had had heavy losses in October.

Shearson, which is 60 percent owned by American Express Co., said its loss was due largely to its role in underwriting the \$7.2 billion (\$12 billion) offering of stock in British Petroleum Co. last month.

First Boston, in a memo circulated by its chief executive, Peter T. Buchanan, said only that the firm suffered "a significant setback" in its risk arbitrage operation, which specializes in takeover stocks, and revenue would not cover expenses for October.

The memo was disclosed Monday in the Wall Street Letter, an industry newsletter.

A number of major Wall Street firms were believed to have had big losses after the stock market's plunge on Oct. 19, although relatively few have detailed their setbacks.

One firm, L.F. Rothschild & Co., said its stock arbitrage operation incurred a \$44 million loss in October.

Shearson said that of its \$70 million loss in October, about \$46 million was for an after-tax charge stemming from the BP underwriting.

Before Oct. 19, Shearson and other firms had underwritten the offering at \$2.06 a share, meaning they had agreed to buy a certain portion of the offering at that price with the expectation that they could resell it to the public at a profit.

But the stock market collapse sharply reduced investor interest in the issue, and the new shares closed on Oct. 30, the first day of trading, at \$1.46 a share.

The U.S. underwriters, which also included Goldman Sachs & Co., Salomon Brothers Inc. and Morgan Stanley & Co., underwrote 22 percent of the sale.

The rest of Shearson's loss stemmed from other stock market activities, a spokesman said.

Both Shearson and American Express declined to project the possible impact of the October loss on their fourth-quarter earnings. Shearson last year had a fourth-quarter profit of \$100.6 million, up 27 percent from a year earlier.

Shearson's chairman and chief executive, Peter A. Cohen, said the firm did not plan to drop any businesses in light of the market turmoil.

The firm earlier this year dismissed 150 employees from its staff of 1,350 in London when it consolidated its operation there and eliminated about a dozen persons from its U.S. public finance operation because of a slowdown in that market.

First Boston's losses marked the second major setback this year for the investment firm. It said in June that it had a big loss from its Treasury bond operations because of a slump in the bond markets. The firm never specified the loss, which published reports estimated at up to \$100 million.

GATT Rules Against Japan

Reuters

GENEVA — The council of the General Agreement on Tariffs and Trade upheld Tuesday a European Community complaint that Japan's taxes discriminate against imported liquor, a GATT spokesman said.

The council adopted a report by a three-member investigative panel set up in February.

The panel had found that Japanese liquor taxes ran against a GATT rule that domestic producers should not be given advantage over foreign producers.

Yoshio Hatano, Japan's ambassador to GATT, said his government would look at ways of revising its liquor tax system. The ruling covered taxes on whisky, brandies, gin, vodka, and wines.

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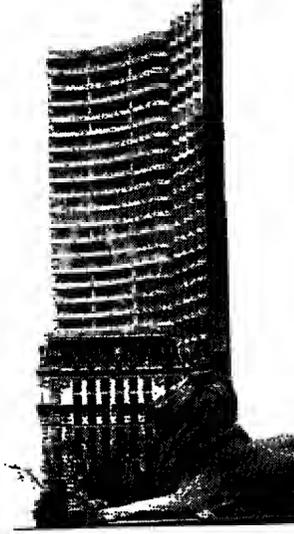
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FIGURES AS AT DECEMBER 31, 1986: TOTAL ASSETS: US \$ 16.8 billion SHAREHOLDERS' EQUITY: US \$ 1.6 billion

Table with columns for Fund Name, A.M., P.M., and other indicators. Includes Merrill Lynch Ready Assets, Telerate Interest Rate Index, etc.

Table with columns for City, A.M., P.M., and other indicators. Includes Hong Kong, Luxembourg, Paris, Zurich, London, New York.

NYSE Most Actives table with columns: Vol., High, Low, Last, Chg.

Market Sales table with columns: NYSE 4 a.m. volume, NYSE prev. close, Amex 4 a.m. volume, etc.

NYSE Index table with columns: High, Low, Close, Chg.

Thesday's NYSE Closing Via The Associated Press

AMEX Diary table with columns: Class, Prev.

NASDAQ Index table with columns: Class, Prev.

AMEX Most Actives table with columns: Vol., High, Low, Last, Chg.

Dow Jones Bond Averages table with columns: Bonds, Utilities, Industrials

NYSE Diary table with columns: Class, Prev.

Odd-Lot Trading In N.Y. table with columns: Buy, Sell, %AV

Dow Jones Averages table with columns: Dept, High, Low, Last, Chg.

Standard & Poor's Index table with columns: High, Low, Close, Chg.

NASDAQ Diary table with columns: Class, Prev.

AMEX Stock Index table with columns: High, Low, Close, Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

MARKETS: New York Rallies, Then Falters

(Continued from Page 1) change 100-share index rose 8.3 points to close at 1,573.5. Volume on the New York Stock Exchange was higher, with about 184.3 million shares traded, compared with 160.7 million on Monday. Broader market indexes also declined. The NYSE Composite Index was off 2.29 to 134.06. The price of an average share on the exchange declined 51 cents. Prices were lower in active trading of American Stock Exchange issues. Robert Hatcher, a Barclays Bank PLC vice president in corporate foreign exchange, said foreign exchange traders believed that Mr. Reagan's remark was made solely to pacify the stock market. "Most of the people in the market feel that the only reason Reagan made those comments is that the stock market has been losing ground," Mr. Hatcher said. "The dollar had a huge rally after that" comment by Mr. Reagan, said Philip Roth, first vice president and market analyst at E.F. Hutton & Co. "All of the markets had to react to it," Mr. Roth said. "But the impact of that is now over, and the market has returned to its drifting and uncertain period." Despite the brief rebound, other analysts remained convinced that new lows would be tested. "It looks like we're in for another shakeout," said Hildegard Zagorski of Prudential-Bach Securities Inc. "The foreign markets led the way, the dollar hit a new low—it's a continuing saga. The market is in a very defensive posture." She said there was a fear in the market that it might test the lows of Oct. 19, the day the Dow industrial average plunged 508 points. Adding to the woes on Wall Street was a decision Tuesday by hundreds of NYSE clerks to strike. Market officials said the exchange, which has been struggling since its 508-point dive, would not be disrupted. The union, which is seeking more favorable pension terms, represents about 1,400 clerks, secretaries and other support personnel at the exchange, at its subsidiary, the New York Futures Exchange, and at Securities Industry Automation Corp. The most actively traded NYSE stocks were components of the Dow average. General Electric topped the actives list with a loss of 7/8 to 43 3/4. Some of the biggest individual losses in the market were in takeover stocks. Southland Corp. was the catalyst for the selling in that group, traders said. Its stock, halted Tuesday on the NYSE for an imbalance of trades and never reopened, fell 16 1/2 to 51 in over-the-counter trading, according to Jefferies & Co., which often makes markets in NYSE issues. Southland said its underwriters would not proceed now with the pricing and sale of \$1.5 billion of debt, which was to be used to finance an acquisition of Southland by the company's founding family. (AP, UPI, Reuters)

Table A: 12 Month High Low Stock Div. Yld. PE 100 High Low Last Chg.

Table B: 12 Month High Low Stock Div. Yld. PE 100 High Low Last Chg.

Table C: 12 Month High Low Stock Div. Yld. PE 100 High Low Last Chg.

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Vertical advertisements on the right edge of the page, including 'China Form 1' and 'U.S. 82'.

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BUSINESS ROUNDUP

General Cinema Buys More Cadbury

LONDON — General Cinema Corp. has increased its stake in Cadbury Schweppes PLC to about 18.5 percent, Cadbury Schweppes confirmed on Tuesday.

Dealers said General Cinema, based in New York, purchased the shares through the brokerage firm Cazenove & Co.

target of a takeover bid. Analysts speculated that General Cinema had bought the shares in a "warehousing" operation in a "strategic" move to a third party that would make an overall offer.

At the time, General Cinema said it had acquired its 8.3 percent stake in Cadbury for about \$136.5 million in open-market purchases on the London Stock Exchange.

The company said it had bought the shares for investment purposes only. It added that it was filing for U.S. regulatory permission to buy 15 to 25 percent of Cadbury stock.

Philips, China Form Venture

AMSTERDAM — Philips NV, the electronics group, said Tuesday that it had signed an agreement with China on technology transfer and the setting up of manufacturing joint ventures.

will be provided by Philips in the form of equipment and expertise. Production is to start in 1990.

The company will help China in developing banking systems and business communication switches, Philips said. "China is a small market at the moment but with enormous growth potential," a spokesman said.

Philips said it would also try to get approval from the Coordinating Committee for Multilateral Export Controls to bring technology on large-scale integrated circuits into China.

China National has a 45 percent stake, Philips 30 percent and Novel 25 percent in the venture, Philips said.

The television tube factory will require total investment of about \$180 million, of which \$100 million

BMW Reports Rise in Revenue For 10 Months

MUNICH — Bayerische Motoren Werke AG said Tuesday that parent company revenue for the first 10 months of the year rose 18 percent, to 14.4 billion Deutsche marks (\$8.7 billion at current rates) from 12.2 billion DM a year earlier.

Eberhard von Kuenheim, the managing board chairman, said there had been no drop in demand for BMW cars despite the fall of the dollar and predicted that 1987 would be a good year, with parent company revenue rising more than 10 percent from last year's 14.9 billion DM. He made no specific forecast for profit but said it would be similar to last year's 337.5 million DM.

Mr. Kuenheim said, however, that if the dollar continued to fall, it would affect West Germany's car industry, including BMW, in the long term.

Mr. Kuenheim said sales in the United States were expected to fall to 92,000 units this year from 97,000 in 1986.

BMW increased production to 376,273 cars in the first 10 months of the year, compared with 370,621 in the same 1986 period. Car sales increased to 371,856 from 369,671.

AUTOMAKERS: Dollar's Fall Gives U.S. Big Reason for Optimism

(Continued from first finance page) dollar price of their cars to fully reflect the currency changes.

For Robert S. Miller, a vice chairman of Chrysler Corp., the dollar's new level represents the righting of a previous wrong. "When the yen was 250 to the dollar a couple of years ago, it was really out of whack," he said. "Currency values today are in whack, and we're not yelling about it anymore."

Toyota Motor Corp., for instance, has raised its prices an average of 25 percent in the past two years, while the yen has risen by about 86 percent since early 1985. Executives of Toyota, Honda Motor Co. and Nissan Motor Co. said they had no immediate plans to raise prices further.

Price increases also appear to be taking their toll on European car sales in the United States. In October, "sales of fancy European cars were off 29 percent" from October 1986, said David Healy, an analyst with Drexel Burnham Lambert Inc.

But Christopher Cedergren, an analyst with J.D. Powers & Associates, in Westlake Village, California, predicted: "You'll see price increases in January for the Japanese."

Some U.S. auto executives are hoping that price increases by Japanese importers will start to cut into their sales. "When this all started, the prices on an Escort-size car were quite similar," said David McCammon, vice president for finance at Ford Motor Co. Now, such Ford models sell for \$1,000 to \$1,500 less than a comparably equipped Japanese car, he said, "and I think it is starting to have some bite."

If so, that was not readily apparent from the October sales figures. Sales of Japanese cars continued to

increase, while the domestic industry's fell by 16.5 percent.

Because of the continuing trade deficit with Japan, U.S. auto executives do not think that the value of the yen against the dollar will decline, and some expect it to climb even more. That prospect undoubtedly explains why Japanese companies are expanding their manufacturing presence in the United States.

Honda Motor Co. already has announced that it will build a second U.S. assembly plant and work toward becoming a free-standing automaker in the United States with its own design and research capabilities. Toyota is expected to announce a major expansion of its facility in Georgetown, Kentucky, this week.

The weakened dollar is also giving U.S. automotive suppliers a better chance to do business with the Japanese companies operating in the United States. "We are finding that the Japanese assemblers in North America are interested in keeping their costs down, and consequently they are much more willing to source some of their supplies from people like TRW," said Jerry

K. Myers, an executive vice president of the Cleveland-based company.

In the past, U.S. suppliers had complained that the tight links between Japanese auto companies and their suppliers at home made it very difficult for American companies to win orders.

The lower dollar is not totally good news for American automakers, though. For instance, it prompts to increase the costs of the Sprint and Spectrum cars that GM imports from its affiliates in Japan and of the French engines that Chrysler will be using in its new Eagle Premier midsize model.

But the companies try to protect themselves in such transactions denominated in foreign currencies by taking futures positions of as long as a year in the currencies involved.

"After that, we do what we have to do," said Mr. Miller of Chrysler. Mr. Myers of TRW thinks there is little doubt that over time the weakened dollar will lead to more production in U.S. factories.

"We've got a trend here that's been under way for some time," he said. "It portends well for manufacturing in North America."

Japan's Car Makers Decry U.S. Quota

TOKYO — American and Japanese automobile makers may be on a collision course over Japan's export quota to the United States.

Japan's car exports to the United States totaled 1.59 million from January through September, down 8.8 percent from the corresponding period in 1986, Japanese industry sources said. This was 20.2 percent of the 7.89 million total car sales in the United States in that period, compared with 23 percent for all of 1986, when total U.S. sales were 11.45 million.

Mr. Petersen had predicted that U.S. car demand would fall below 10 million in 1988 because of a shrinking of consumer spending after Wall Street's collapse.

Under government pressure, Japanese companies stuck to the theoretically voluntary quota, but now they see little need to formally lower the ceiling, or indeed to have a ceiling at all.

U.S. sales of Japanese-made cars in fiscal 1988 could be about 8 percent below the quota if trends continue, an official at the Ministry of International Trade and Industry said.

The yen's rise and consequent price increases are partly behind the forecast and the belief that the fall will continue, Japanese automotive sources said.

The sources said stiff competition from South Korean and other non-Japanese imports is another factor behind the pessimistic sales outlook.

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Under government pressure, Japanese companies stuck to the theoretically voluntary quota, but now they see little need to formally lower the ceiling, or indeed to have a ceiling at all.

"People just cannot imagine how the U.S.-Japan car relationship would be without the export ceiling," said Shigeaki Yana, senior economist at the research department of Industrial Bank of Japan.

Now, however, "even without the official cap Japanese car exports may fall," Mr. Yana said. Toyota Motor Corp., for example, has revised downward its planned export volume to 1.74 million in

1987, against its peak of 1.96 million in 1985.

Hiroshi Ono, manager of Nissan Motor Co.'s business research department, said, "There are opinions in the U.S. that deepening protectionism may hurt consumers, as it leads to less competition and more scope for price rises."

Japanese analysts said the other issue behind the opposition is that U.S. car makers never used the quota for its original purpose of giving them a window of opportunity to develop their own efficient small-car production facilities. Instead, they have exploited it as a crutch for long-term protection against imports, the analysts said.

They said the quota agreement was meant to give U.S. automakers time to develop small car production, as they had lagged in trying to cope with the major shift of consumer demand to such cars.

But during the initial years of the quota a high profit market for full and intermediate cars was revitalized.

The economists said U.S. car makers thus decided to avoid the high development costs of small-car production by establishing business ties with makers in Japan instead, importing from overseas and setting up joint ventures with overseas firms.

Low Prices Halt or Hurt 5 Firms' Share Issues

Five big concerns in Europe and Asia said Tuesday that the collapse of stock prices had delayed or damaged their efforts to raise capital in the markets.

response from investors and that Mr. Li's group would have to take up much of the issue.

Norsk Hydro's rights issue had been authorized by shareholders and Norway's parliament only last week. The company had intended to use proceeds to finance investments in the oil and gas sector, to build a magnesium plant in Canada, and for its fertilizer operations.

Several U.S. companies had already announced in recent days the abandonment of mergers or stock issues as a result of the turmoil in world markets since Oct. 19.

In announcing the postponement, Norsk Hydro's board cited the "recent sharp drop in prices on stock exchanges."

Brokers said underwriters or their subunderwriters could lose up to 1.4 billion Hong Kong dollars. The new shares are worth 7.2 billion as of Tuesday's close.

The newly affected companies are Norsk Hydro A/S, the Norwegian state-controlled energy, fertilizer and metals concern, which said it was delaying indefinitely a rights issue of 3 billion kroner (\$473 million); Montedison SpA, the Italian chemicals concern, which put off a 1 trillion lire (\$820 million) rights issue, and Brown Boveri AG, the engineering group, which said it would probably postpone a 400 million Swiss franc (\$293 million) issue that was to help finance a merger with ASEA AB.

Tim Youngman, an analyst of Nordic markets with E.B. Savory Millin in London, said: "This is certainly a symptom of what is happening to anyone trying to raise equity in Europe."

Citicorp International Ltd., Wardley Corporate Finance Ltd., Sun Hung Kai International Ltd., CEF Capital Ltd. and Faribus Asia (1986) Ltd. have underwritten the issue. Officials of the firms said they had fully placed the new shares with subunderwriters.

Others affected were Yves Saint Laurent, the fashion and cosmetics concern, which put off a 600 million French franc (\$106 million) share offer that had been set for Dec. 4; and four Hong Kong-based companies controlled by the property magnate Li Ka-shing. Brokers said that their rights issue of 10 billion Hong Kong dollar (\$128 million) had drawn a lukewarm

Li Ka-shing, chairman of Cheung Kong, and companies in the group would subscribe for and underwrite a total of more than 50 percent of the issues. The other Li companies involved are Hutchison Whampoa Ltd., Cavendish International Holdings Ltd. and Hongkong Electric Holdings Ltd.

Shareholders approved a proposal by

Groupo Ferruzzi, Montedison's main shareholder, to postpone the operation. Montedison did not say when the issue would take place.

In Paris, Yves Saint Laurent said its board had decided Monday to delay the flotation of shares until financial markets had recovered.

In Hong Kong, underwriters said small investors had shunned four rights issues for the Cheung Kong (Holdings) Ltd. group, as share prices have plunged 30 percent below subscription levels. Subscriptions closed Tuesday.

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Agent:

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

This announcement appears as a matter of record only.

September, 1987

JP Morgan

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Advertisement for The Carlyle Hotel, featuring text: 'The Carlyle Hotel', 'Madison Avenue', 'at 78th Street', 'New York 10021', 'Cable The Carlyle New York', 'International Telex 620892', 'Telephone 212-744-1600', 'Toll Free 1-800-CARLYLES', 'A member of The Sharp Group since 1967'.

Tuesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table of stock prices for various companies, including columns for 12 Month High/Low, Div. Yld., PE, and Close.

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U.S. Futures

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Industrials

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NYSE High-Lows

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Currency Options

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Stock Indexes

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Company Results

Revenue and profits for various companies.

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Airline Bankers Fear Higher Risk

LONDON — Bankers to the world's airlines say they are worried that a sharp decline in the asset value of used aircraft could sharply increase their risks.

Adrian Robinson, vice president of the Chemical Bank subsidiary Chemical Financial Services Ltd., told a recent conference in London that some financiers were exposed to risks of as high as 70 to 80 percent of airliner values on some loans.

This means that, if an airline decides to send back airliners under one of the return options increasingly being written into the operating leases, the bankers could end up having to refund most of the second-hand value to the owners, be it the manufacturer or a syndicate of investors, should the planes' market value tumble radically below the purchase price.

Aviation bankers have been moving steadily away from the straight lending of money to buy airliners. Now, they often act as lessors in aircraft deals.

This trend has been fostered by poor profitability within the airline industry, increased global competition and a trend toward airlines being owned privately rather than by the state.

Paris Commodities

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U.S. Treasuries

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Spot Commodities

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Dividends

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France Will Sell Off GAN, Credit Industriel

PARIS — The French government announced plans Tuesday to sell off two more state-owned financial firms despite the stock market collapse that had raised fears about the future of its privatization program.

Finance Minister Edouard Balladur said the companies were Credit Industriel et Commercial and Groupe des Assurances Nationales. CIG describes itself as the largest group of European regional banks. GAN is listed as France's fourth-largest insurance company and accounts for 6 percent of the French insurance market.

SOURIN MELIKIAN NINE-EVERY SATURDAY WITH AN INTERVIEW WITH THE WORLD OF ART AND ACTION'S

Kaiser Sells Subsidiary To Netherlands Group

The Associated Press OAKLAND, California — Kaiser Aluminum & Chemical Corp. said that it has sold its subsidiary, Kaiser Aluminum Europe Inc., to Hoogovens Groep BV of the Netherlands for about \$156 million.

Kaiser said Monday that it expected to have a fourth-quarter after-tax gain of \$45 million from the sale of the subsidiary, which has four plants in West Germany and operations in Belgium and Switzerland.

Handwritten text in Arabic script.

DOLLAR: Reagan Spurs Rebound

(Continued from Page 1)

pushes it up to a better level to sell."

Market participants have been pessimistic about the negotiations between the White House and Congress on how to cut the massive federal budget deficit.

Several factors have contributed to the dollar's sharp falls of the past few days.

One is a belief among traders that the Group of Seven industrial democracies will not try to stop a further decline because of the huge U.S. merchandise trade deficits with Japan and West Germany.

The dollar's fall of more than 40 percent since early 1985 has been engineered by the Reagan administration in the trade gap.

So far, monthly U.S. trade figures show no real shrinkage of the deficit, which was \$15.68 billion in August. The U.S. trade figures for September are to be released on Thursday.

Another cause of pressure on the dollar has been moves by the Federal Reserve Board to drive interest rates down to support the sagging stock market.

Selling intensified after Treasury Secretary James A. Baker 3d said last week that interest rates would be kept low to head off a recession.

Mr. Baker declined to comment on the dollar when he arrived Tuesday for the latest round of budget talks with congressional leaders.

If the administration wants the dollar to stop falling, it will face a difficult task unless it can agree with Congress on sizeable cuts in

Closing	Tue.	Mon.
Deutsche mark	1.6629	1.6685
French franc	1.7862	1.7949
Japanese yen	134.28	134.25
Swiss franc	1.3475	1.3645
British pound	1.6480	1.6422

Source: Reuters

the budget deficit, foreign exchange dealers and economists said.

The markets are increasingly cynical about the ability of the budget negotiators to cut the deficit by more than the \$23 billion required by law for the 1988 financial year, ending next Sept. 30.

Because the deficit is projected to grow to about \$180 billion in 1988 from \$148 billion in 1987, a reduction of \$23 billion would be perceived in the markets as inadequate, dealers say.

If deeper cuts are not made, the foreign investors who are financing the U.S. budget deficit by buying government bonds will demand either higher interest rates or the chance to buy dollars more cheaply, they said.

"This is becoming a joke. The perception in the markets is that these guys are not in control," said Douglas Madison, a trader at Bank of America in New York.

Steve Carier, foreign exchange economist at Manufacturers Hanover Trust in New York, agreed, saying: "I don't think anybody knows what to do. They've procrastinated, and now things are slipping out of their control."



OH NO, NOT AGAIN — A stockbroker showing dismay on the floor of the Paris Bourse, whose all-share indicator dropped a sharp 6.27 percent in trading on Tuesday.

European, Asian Markets Slump on Dollar Fears

Compiled by Our Staff From Dispatches

PARIS — Gloom over the dollar's direction and the world's economic health sent major stock markets lower on Tuesday, but London bucked the trend to move slightly higher.

Prices in London began to fall back in late trading as the New York Stock Exchange opened lower, but dealers said bargain-hunting had prompted a small advance for the day.

"The market's showing a sort of false calm at the moment," one dealer said. "But it's slightly encouraging that New York's lower opening hasn't affected us too badly."

The Financial Times-Stock Exchange index, the London market's leading indicator, rose 8.20 points to 1,733.50. The index was down more than 50 points just after the opening.

Dealers said some selective buying had emerged, especially among the blue-chip stocks, with some operators deciding that the moment had arrived to pick up bargains.

They added, however, that sentiment remained negative and that many traders were skeptical that U.S. authorities would reach agreement on reducing the federal budget deficit.

Under U.S. legislation, about \$23 billion must be cut from the budget deficit by Nov. 20, although few analysts believe that that will be enough to restore confidence in the dollar. Many analysts in London have said that a reduction of at least \$60 billion over two years is needed to calm the markets.

U.S. trade data to be released on Thursday is also adding to market jitters, they said. A September merchandise trade deficit above expectations would almost certainly throw shares into renewed turmoil, they said. A deficit of about \$15 billion has been widely predicted after a \$15.68 billion deficit in August.

FRANKFURT: Share prices ended sharply lower but above the worst levels of the session. Dealers said investors were concerned about the outlook for the dollar and the direction of the world stock markets.

The Commerzbank 60-share index, which is calculated at mid-session, plunged 96.30 points, to 7.31 percent, to 1,220.90. The drop was larger than the 7.1 percent slump on Oct. 19 and just short of the 7.4

percent slide on May 29, 1962, during the Cuban missile crisis.

Trading on all eight West German bourses was extended by half an hour Tuesday after a failure in the computer quoting system in Frankfurt at the start of official business.

PARIS: Share prices were sharply lower in very quiet trading. Many operators were sidelined before Wednesday's Armistice Day holiday and the announcement of U.S. trade figures on Thursday, dealers said. The Paris Bourse indicator was off 6.27 percent.

Trading was interrupted in the afternoon when a bomb threat was received and the bourse evacuated.

TOKYO: The Nikkei average of 225 leading shares had its fifth largest single-day loss, dropping 731.91 yen, or 3.26 percent, to close at 21,686.46 yen. The Nikkei average, which lost 218.64 yen Monday, is now where it was at the end of March.

The drop occurred as the Japanese government began a three-day public offering of shares in the telecommunications giant Nippon

Telegraph & Telephone Corp., second stage of privatization.

The offer price was set at 2 million yen (\$19,000) a share as the company's stock closed unchanged at 2.64 million yen a share.

HONG KONG: The Hang Seng Index fell 96.07 points, or about 4 percent, to close at 2,043.24. Dealers said they were surprised by the magnitude of the fall. On Monday the Hang Seng index had ended 125.64 points higher.

SYDNEY: The Australian stock market plunged to a 14-month low Tuesday as investors fell in line with trends in London and New York. The All Ordinaries Index closed 48.6 points lower, or 3.9 percent, at 1,203.4, reversing a rally Monday, when it rose 13.9 points in bargain-hunting.

The Australian market has fallen 47.8 percent in value since the All Ordinaries Index peaked at 2,306 on Sept. 21.

Prices also fell in New Zealand, Singapore, Malaysia and the Philippines. (A.P. Reuters)

Regan: Market Will Peg Dollar, Not the Banks

WASHINGTON — Donald T. Regan, the former U.S. secretary of the Treasury, said Tuesday that central banks and finance ministers had to let the dollar fall because they found they could not "rig the market."

"When I first went into Wall Street years ago I learned something: That is, don't fight the tape," Mr. Regan said.

When the leading industrial nations agreed in February in Paris to set exchange rate parameters for the dollar, he said, "it turned out that what they were trying to do the market didn't like" and, as a result, "we started on a course that could lead us toward a recession."

Mr. Regan was head of Merrill Lynch & Co. before joining the Reagan administration. In February he resigned as White House chief of staff.

EMS Realignment Not in Store, Official Says

Compiled by Our Staff From Dispatches

BASEL, Switzerland — European Community central bankers see no need for an immediate realignment of the currencies governed by the European Monetary System despite the disruptive effect of the falling dollar, a central bank source said here on Tuesday.

The European source, speaking at the end of a meeting of central bank governors from Europe, Japan and the United States, said a realignment of EMS parities was "not yet excluded."

The governor of the Belgian central bank, Jean Godeaux, said the issue was not discussed at a two-day meeting of the Bank for International Settlements, which ended Tuesday. Mr. Godeaux is the current president of the BIS, which is often called the central banks' own central bank.

Mr. Godeaux said the 12 European Community central bank governors formally ratified an agreement reached at a meeting in Denmark in September. The accord calls for strengthened monetary cooperation in Europe and gives central banks greater possibilities to intervene to defend EMS parities.

The EMS, which links eight European currencies, came under pressure last week after the sharp fall of the dollar against the Deutsche mark and other major currencies. At one point, the mark rose to a record high of nearly 3.41 French francs in Paris.

A falling dollar generally causes havoc in the EMS, which establishes target ranges within which eight of the 12 EC currencies can fluctuate against each other. Strong currencies, such as the West German mark and Dutch guilder, gain more than weak ones, such as the Italian lira and French franc, threatening to take them outside these ranges.

Under EMS rules, the currencies of West Germany, France, Belgium, Ireland, Luxembourg, the Netherlands and Denmark are allowed to fluctuate by a maximum of 2.25 percent around an agreed

central rate. The Italian lira is granted a wider margin.

France and West Germany last week announced coordinated interest rate moves to help ease the mounting pressure on the system. Under the accord, France raised the interest rate at which it furnishes liquidity to the banking system while West Germany lowered a similar rate.

The accord, by narrowing relative interest rates between the two countries, has at least temporarily eased pressure in the EMS by making the French franc more attractive against the strong West German currency.

But experts in Brussels continue to believe that realignment may be needed, and an influential West German financial newsletter said on Monday that the West German Bundesbank president, Karl Otto Pöhl, wanted an early reevaluation of the mark within the EMS.

Mr. Pöhl refused to comment as he left Tuesday's meeting.

Jacques Delors, president of the

RATES: Drop Cushions Stocks' Fall

(Continued from first finance page)

Lower U.S. legislation, about \$23 billion must be cut from the budget deficit by Nov. 20, although few analysts believe that that will be enough to restore confidence in the dollar. Many analysts in London have said that a reduction of at least \$60 billion over two years is needed to calm the markets.

U.S. trade data to be released on Thursday is also adding to market jitters, they said. A September merchandise trade deficit above expectations would almost certainly throw shares into renewed turmoil, they said. A deficit of about \$15 billion has been widely predicted after a \$15.68 billion deficit in August.

FRANKFURT: Share prices ended sharply lower but above the worst levels of the session. Dealers said investors were concerned about the outlook for the dollar and the direction of the world stock markets.

The Commerzbank 60-share index, which is calculated at mid-session, plunged 96.30 points, to 7.31 percent, to 1,220.90. The drop was larger than the 7.1 percent slump on Oct. 19 and just short of the 7.4

percent slide on May 29, 1962, during the Cuban missile crisis.

Trading on all eight West German bourses was extended by half an hour Tuesday after a failure in the computer quoting system in Frankfurt at the start of official business.

PARIS: Share prices were sharply lower in very quiet trading. Many operators were sidelined before Wednesday's Armistice Day holiday and the announcement of U.S. trade figures on Thursday, dealers said. The Paris Bourse indicator was off 6.27 percent.

Trading was interrupted in the afternoon when a bomb threat was received and the bourse evacuated.

TOKYO: The Nikkei average of 225 leading shares had its fifth largest single-day loss, dropping 731.91 yen, or 3.26 percent, to close at 21,686.46 yen. The Nikkei average, which lost 218.64 yen Monday, is now where it was at the end of March.

The drop occurred as the Japanese government began a three-day public offering of shares in the telecommunications giant Nippon

Telegraph & Telephone Corp., second stage of privatization.

The offer price was set at 2 million yen (\$19,000) a share as the company's stock closed unchanged at 2.64 million yen a share.

HONG KONG: The Hang Seng Index fell 96.07 points, or about 4 percent, to close at 2,043.24. Dealers said they were surprised by the magnitude of the fall. On Monday the Hang Seng index had ended 125.64 points higher.

SYDNEY: The Australian stock market plunged to a 14-month low Tuesday as investors fell in line with trends in London and New York. The All Ordinaries Index closed 48.6 points lower, or 3.9 percent, at 1,203.4, reversing a rally Monday, when it rose 13.9 points in bargain-hunting.

The Australian market has fallen 47.8 percent in value since the All Ordinaries Index peaked at 2,306 on Sept. 21.

Prices also fell in New Zealand, Singapore, Malaysia and the Philippines. (A.P. Reuters)

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مكتبة التراث

1 2 3 4 5 6 7 8 9 10 11 12 13
14 15 16 17 18 19 20 21 22 23 24 25 26 27
28 29 30 31 32 33 34 35 36 37 38 39 40 41 42
43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58
59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

- ACROSS
53 Spacious
55 Dispute
59 Nov. 11 com-memoratives
61 Lullaby
64 South African province
65 low college town
66 Jai
67 Gladde
68 Fan fare
69 Trimming
70 Gets one's goat
71 Dash
72 Dele
73 I.R.S. employee
74 Genetic material
75 Corngansers
76 Coronet
77 Author Horatio
78 Yea
79 Dockers' org.
80 Aquarium fish
81 Sandbox friend
82 Mass robe
83 Jack in a nursery rhyme
84 Mogadishu native
85 Pitcher part
86 Battlefield priorities
87 Author Hortense
88 Actor Ed's family
89 Painter Gaddi
90 14th century
91 Lean and sinewy
92 Acress Rehan
93 Actor Carrou
94 Bunch of grain
95 Chaplain for 30
96 Across
97 Khachaturian et al.
98 Descendant of Noah's eldest
99 "Thanks
100 Bismuth, e.g.
101 Abdel Nasser
102 Mogren scholars
103 Ruhr city
104 Flog
105 Corrida sounds
106 Joker
107 Baba
108 Uncle of 30
109 Acress Rehan
110 Actor Carrou

PEANUTS

EVERY VETERANS DAY I GO OVER TO SEE MY OLD FRIEND BILL MAULDIN...
WE SIT AROUND AND QUAFF A FEW ROOT BEERS, AND REMINISCE ABOUT THE WAR...
WHICH WAR WAS IT, BILL?

BLONDIE

LET'S NOT STAY UP TONIGHT...
AS SOON AS WE FINISH DINNER, WELL GO OUT...
I'LL GET MY JACKET...
WELL, AT LEAST ONE OF US IS OUT

BEEBLE BAILEY

IF MISS BUXLEY WOULD ATTEND SERVICES, I'LL BET THE MEN WOULD FILL THE CHAPEL...
WHAT GOD WOULD THAT DO?
THEN THEY WOULDN'T PAY ANY ATTENTION TO YOU

ANDY CAPP

TERRIBLE ANDY, MY BUCKS ARE FLYING AWAY...
SORRY FREDDIE, I'VE GOT THE WIFE IN BED WITH THE WIFE AND TWO CROWN TALL...
I KEEP FORGETTING WHAT A DRAG HE CAN BE... EVERY TIME YOU ASK HIM SOMETHING HE TELLS YOU

WIZARD OF ID

A BATTLE REPORT, SIRE!
SO... HOW ARE THINGS AT THE FRONT?
IT'S FROM RODNEY...
OH... HOW ARE THINGS AT THE REAR?

REX MORGAN

I REALLY APPRECIATE YOUR SEEING ME, DR. MORGAN...
THANK YOU FOR TAKING THE TIME TO SEE ME...
YOU HAVEN'T HAD ANYTHING TO EAT TODAY, AND I THINK WE SHOULD CELEBRATE YOUR GOING TO LUNCH!
ARE YOU SURE I'M NOT TAKING UP TOO MUCH OF YOUR TIME, PROFESSOR?

GARFIELD

GARFIELD, YOU'RE NEVER GOING TO LOSE WEIGHT EATING BETWEEN MEALS, THERE'S ONLY ONE THING TO DO...
DO YOU KNOW THE MEANING OF "WILLPOWER"?
I DON'T KNOW THE MEANING OF "BETWEEN MEALS"

DENNIS THE MENACE



JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.
ARGIN
VINEL
LACKET
CORLLS

WEATHER

Table with columns for location, high, low, and weather forecast. Includes sections for Europe, Asia, Africa, Latin America, Middle East, Oceania, and World.

BOOKS

A WALK WITH A WHITE BUSH-MAN
By Laurens van der Post. 326 pages. \$18.95. William Morrow, 105 Madison Avenue, New York, N. Y. 10016.

Reviewed by Edwin M. Yoder Jr.

TO say that this is an unusual book in both form and content is to commit flagrant understatement. But unusual in what way? Sir Laurens van der Post, the South African-born writer, naturalist, filmmaker, explorer, soldier, poet — in short, a Renaissance man — has led what is in many ways an orthodox but adventurous life. It has been full of establishment and literary connections of a military, political and literary sort.

Solution to Previous Puzzle
BRED FOSSE FLIT
ROTE ALINE LDDI
ATDI LEGAL ALLE
GANGLANK DGLLED
NEDN EARS
OLD NUDE NETTED
TEAMSTER ADDRESS
TARE RDM ANISE
EVINCE DISSEVER
RENDER ESAU EDE
ALGA NICE
BLEET POOLHARDY
DELLI TORME GYDA
AMAT HDNER EDER
MANY TITERS REDD

tagonism of white against black... was due to the Calvinistic heresy of taking symbolism literally and not seeing therefore that the black they feared was a darkness in their own soul.

Edwin M. Yoder Jr. is a columnist with The Washington Post Writers Group.

BEST SELLERS

Table listing best-selling books in Fiction and Nonfiction categories, including titles like 'Kaleidoscope' and 'The Great Depression'.

BRIDGE

By Alan Truscott
A crossruif would that provide 10 tricks, for South would emerge with seven trump tricks and three side suit winners.

World Stock Markets

Table showing closing prices in local currencies for various world stock markets including Amsterdam, London, Frankfurt, Zurich, Tokyo, and Sydney.

Large vertical advertisement on the right side of the page, featuring the word 'Battling' at the top and 'Vantage Kids Know It's for You' at the bottom, with a partial image of a person's face.

SPORTS

NFL: A Baffling First Half

By Michael Wilbon

Washington Post Service

WASHINGTON — As the National Football League enters the second half of a bizarre season...

There may even be a resumption of negotiations between the players union and the owners' management council.

But Commissioner Pete Rozelle has urged the two sides to resume negotiations...

The management council and union both will have representatives in Key Biscayne, Florida...

Donlan and Upshaw could not be reached for comment...

In most of the NFL cities, interest remains high because 22 of the 28 teams are vying in contention for playoff berths.

The Giants entered the season as the favorite to win a second straight league championship...

skins (1982), Raiders (1983), 49ers (1984), Bears (1985) and Giants (1986) had established themselves as the team to beat...

Which then, with seven games left in the regular season, is the best...

... And for the first time in six seasons there doesn't appear to be a Super Bowl favorite.

When the strike ended, it seemed to be the Bears, and a dramatic victory over Tampa Bay...

Counting only games with union players, Washington would be a game behind Philadelphia...

Denver? Not likely after being tied by Green Bay and beaten by Buffalo...

Only two AFC teams (the Bengals and Chiefs) are virtually eliminated...

Jack Donlan Headed back to the table?

Mike Ditka after Kevin Butler's 52-yard field goal beat Green Bay.

Some around the league wonder if Chicago has merely been playing to the level of the opposition.

Yugoslavia's splendid Marakana Stadium will be a theatre of volatile passions...

Emotions will be heightened because Yugoslavia or England, but not both, can qualify for the 1988 European Championship.

Belgrade will ring to the sound of those boating for the physical courage often lacking in Slavic players.

Waiting in Belgrade, at an army barracks commanded by his troops, is a calm, but still uncertain Yugoslav manager.

For once the boot is on the other foot. English clubs released their stars a week before the contest...

Robson is experienced enough (58 internationals; 31 victories; 14 draws; 13 defeats; 108 goals for, 34 against) to mask some...

He has seen Yugoslavia until his eyeballs popped, seen marvelous technique even in defenders.

On Armistice Day, a Battle Shapes Up in Belgrade

International Herald Tribune

LONDON — Wednesday is Armistice Day, and let's hope it stays that way on the Belgrade sporting front.

Yugoslavia's splendid Marakana Stadium will be a theatre of volatile passions...

Emotions will be heightened because Yugoslavia or England, but not both, can qualify for the 1988 European Championship.

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For once the boot is on the other foot. English clubs released their stars a week before the contest...

Do you hear Robson chucking? Hell no — he gets far too tense this close to action.

His own words may ring in his ears. A year ago he declared, "My gut feeling is that if we had longer to prepare, results would be 20 percent better."

He's seen Yugoslavia until his eyeballs popped, seen marvelous technique even in defenders.

The culture is inbred in the Yugoslav, even from furthest defender back. On the present team is Marko Elsner, son of the Austrian team manager...

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ROB HUGHES

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Zlatko Vujovic, right, the Yugoslav forward: The cutting edge is once again incisive.

Greyhounds Get a Bone

New York Times Service

NEW YORK — Last March, when the evangelist Oral Roberts said that God might "call me home" if he did not reach a lofty, fund-raising goal...

Collins listened, and last month wrote another check. His \$600,000 contribution to the University of Florida's School of Veterinary Medicine...

Collins' generosity will help us better understand and treat the magnificent athletes that provide entertainment for millions of Americans each year...

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VANTAGE POINT/Scott Ostler

Kids Know How Tough It Is for Today's Heroes

Los Angeles Times Service

LOS ANGELES — Sports arguments, I've noticed, have changed since I was a kid.

Back then, we argued about who was a better hitter, Ted Williams or Mickey Mantle. Now it seems kids are more issue-oriented, more into personalities.

Take these two I heard going at it the other day on a street corner. They were busting each other's chops about their respective sport heroes — Irving Fryar, the football player, and Mitch (Blood) Green, the former heavyweight contender.

"He didn't even get arrested. He probably made the whole story up." "That's the point, potato brain. This guy makes up better stories than Walter Mitty or Joe Biden."

"Kid stuff," scoffed the big kid. "He didn't even get arrested. He probably made the whole story up."

"That's the point, potato brain. This guy makes up better stories than Walter Mitty or Joe Biden."

SCOREBOARD

Basketball

NBA Standings

Table with columns for Eastern Conference Atlantic Division, Central Division, and Western Conference Midwest Division. Lists teams like Boston, Philadelphia, and Denver with their records.

Table with columns for Pacific Division and Monday's Results. Lists teams like LA Lakers and Boston with their records.

Table with columns for Monday's Results. Lists teams like Boston and New York with their records.

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Hockey

NHL Standings

Table with columns for Wales Conference and Campbell Conference. Lists teams like New Jersey and Toronto with their records.

Table with columns for Monday's Results. Lists teams like Boston and New York with their records.

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Football

U.S. College Leaders

Table with columns for Team Offense and Team Defense. Lists teams like Nebraska and Michigan with their statistics.

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College Top-20 Polls

The Top 20 teams in The Associated Press college football poll...

Table with columns for Rank, Team, and Record. Lists top college football teams like Oklahoma and Nebraska.

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NFL Standings

American Conference

Table with columns for Rank, Team, and Record. Lists NFL teams like Buffalo and Indianapolis.

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SPORTS BRIEFS

Jets Win, 30-14, and Tie Up AFC East

EAST RUTHERFORD, New Jersey (AP) — John Towsell and Billy Grieg selected receivers scored tonight Monday night to help the New York Jets beat Seattle, 30-14, and create a five-way tie in the National Football League's American Conference East.

Towsell broke a scoreless tie in the second period when he returned a punt 91 yards. Grieg, a third-string tight end, caught a 4-yard touchdown pass from Ken O'Brien in the fourth quarter...

The victory was costly. Jet receiver Wesley Walker will be out for at least a month with a separated shoulder, and receiver Mickey Stuter, who sprained an ankle, is expected to be out from two to four weeks.

Baseball Network of Blacks Is Formed

NEW YORK (NYT) — Officials of the newly formed Baseball Network met in Dallas for three hours Monday with representatives of Commissioner Peter Ueberroth to discuss the low number of minority-group members in nonplaying jobs in baseball.

"We feel very good about the meeting and the efforts they're making," said Frank Robinson, a spokesman for the group. "We exchanged a lot of information — we had a lot of things cleared up and we agreed to continue the dialogue."

Chile's Bid Dropped for '94 Soccer Cup

ZURICH (AP) — Chile's bid to host the 1994 World Cup soccer finals has been dropped at its own request, leaving Brazil, Morocco and the United States as candidates.

Transition

BALTIMORE — Agreed to terms with Cal Ripken Jr. on a two-year contract. Agreed to terms with Dave Schmidt, pitcher, to a two-year contract.

CINCINNATI — Signed Doc Oatis, catcher, to a two-year contract. PHILADELPHIA — Agreed to terms with Dave Schmidt, third baseman, on a two-year contract.

ST. LOUIS — Released Dan Aronson, first baseman. BASKETBALL — Released Ricky Wilson, forward. Signed Orlando Waters, center.

DETROIT — Signed Vito Kluze, right end. L.A. RAMS — Reinstated Leroy Irvin, cornerback. N.Y. JETS — Admitted Reggie McElroy, offensive lineman, from the physically unable to perform list, and Lester Lewis, defensive back, from injured reserve.

HOCKEY — Released Jacques Lacombe, center, and Steve Guemath, goalie, from Muskegon of the International Hockey League. Signed Frank Pietrangola, goalie, to Muskegon.

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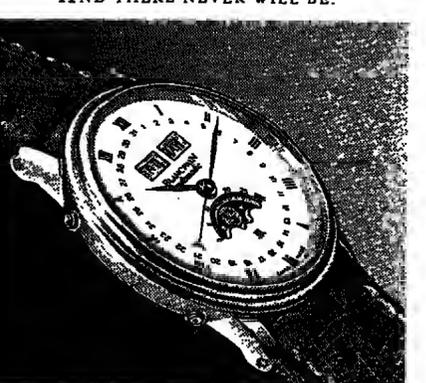
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BLANCPAIN

SINCE 1735 THERE HAS NEVER BEEN A QUARTZ BLANCPAIN WATCH. AND THERE NEVER WILL BE.



Watches of Switzerland The watch shop New Bond Street, Knightsbridge and all branches

AP/col/ISA

PEOPLE

POSTCARD The Not-So-Dolce Vita

By Mary Davis Suro

ROME—American expatriates who have succumbed to the charms of Rome realize that their passion for the city is subject to ups and downs. Sometimes it flares; sometimes it flickers. Right now it is burning low.

"These Americans who experienced the dolce vita," said Pepper, an American writer who has lived in Italy for more than 20 years, "are beginning to realize that life's not so dolce here anymore."

The dollar has lost more than 40 percent of its value here since 1985. The cost of everything—from fruits and vegetables to housing and dining out—is escalating.

The inflation rate has hovered between 5 and 5.5 percent this year. But many longtime residents of the city look upon such data with skepticism.

"I don't believe it when they say inflation is so low," said Mickey Knox, an actor who moved here in 1964. "Prices have risen outrageously in the past few years. Five lived in many European countries. Italy used to be the cheapest. Now it's the most expensive."

Mary-Ann Ray, an architect, is here on a one-year fellowship at the American Academy in Rome. She said she spends about \$575 a month on supplies and little else.

hope we can at least maintain the 50 percent," Denby said, "because after all, it is an American club."

While American business people here have felt the impact of the dollar's nosedive, they are the ones best able to make the financial adjustments necessary to maintain a certain style of living.

Reints can range from \$1,000 a month for a fifth-floor walk-up in an old building in the historic center of the city, to \$4,000 a month for a three-bedroom apartment in a more fashionable building nearby.

And with gasoline at \$4 a gallon, a round-trip airline ticket to Venice at \$200, and a room at an average pension costing about \$90 a night, there may not be much room in the budget for weekend getaways.

The trustees of the American Academy in Rome, a center for study and research in the fine arts and humanities, anticipated the financial difficulties faced by fellows living in Rome and alerted recipients last spring.

"We knew already last year that the situation was not going to get better here," said the academy's director, James Melcher. "When we offered fellowships for this year we made it clear to recipients that it was going to cost them something. They were forewarned."

STILL, Rome will continue to draw those whose professional pursuits feed on the chaotic splendor of the city, even if the views over cost a good bit more.

"It's definitely worth it," said Kathy Michelmann, a painter who is living here for a year. "All you have to do is walk out your door and you're ambushed by the beauty."

"I don't think Rome will lose its appeal to artistic types any more than New York City has, which is also outrageously expensive," Pepper said. "I think folks are just going to hang on here and do what they have to do to get by. Most people have been doing this for a long time, anyway."

Claude Nougour: Vocal Athlete

By Mike Zwerin

PARIS — For more than 30 years, Claude Nougour—who calls himself a "black Greek," somewhere between Plato and Louis Armstrong—has been a troubador of swing, adapting the chanson to his "blues à la Française."

He made the French language, which André Gide once called "lyrics without pedals," sing to his lyrics on melodies like Dave Brubeck's "Blue Rondo à la Turk," Theodosios Monk's "Round Midnight" and his own "Blen, Blanc, Blues." He belted them like scriptures.

He has, however, decided to "change my blood type." He sold his house in Mootmarre, fired his impresario, moved to another record company and made an album titled "Nougour" (guess what).

Bad mouths have said that Nougour has more alcohol than blood in his veins; for years he was spotted out of joint all over town at all hours. And French jazz purists suspect that he is only yearning for greener commercial pastures. But he does give the impression of genuine renewal.

He has been drinking tea lately, he looks remarkably young for 58 years, his eyes are clear, he expresses himself with the eloquence of someone in a ferocious battle with doubt, and he moves his short frame with the looseness of an in-shape boxer lurching for his next match.

Last month, working a farewell gig with his jazz rhythm section (including Maurice Vander, piano, and Pierre Michelot, bass) at Le Petit Jardin in Montparnasse, he performed like the "vocal athlete" he says he is—wearing and bobbing across the small stage, dancing through upper partials worthy of Bobby McFerrin at breakneck tempo in 9/4 time. "The stage," he says, "is where I find my flavor." But the enthusiastic customers, who could afford 320 francs for dinner, are part of the reason for the transfusion. Nougour has tired of



Singer Nougour: "I was my own Pylgmalion."

his friends telling him that their kids don't know who he is. He grew up in Toulouse, in southwestern France, which has a beautiful coastline, which has a beautiful coastline, which has a beautiful coastline.

As a young adult bathing in the Existential heyday of Saint-Germain-des-Près, he heard Juliette Gréco sing songs by writers and poets like Boris Vian and Jacques Prévert. He saw that the great tradition of 19th-century French poetry had been "refused to obscure texts read by tiny circles having no influence whatsoever on mankind." Instead, he wrote songs of poems and sold them.

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Cary Grant's Style Lives

Cary Grant got so much style, and the current Hollywood crowd so little, that the late actor was named one of America's 10 best-dressed men by the Tailors Council of America. The council's president, Jack Taylor, said the choice of Grant, who died last Nov. 29, "was necessitated due to the lack of any current motion picture actor who sartorially represented the motion picture industry."

The Inamori Foundation of Japan awarded 45 million yen (about \$335,000) each on Tuesday to an American professor of metallurgy, a Dutch astronomer and a Polish filmmaker for their contributions to science and creative arts.

The Enrico Fermi Award, the U.S. Energy Department's highest award for scientific achievement in nuclear energy, will go this year to Luis W. Alvarez and Gerald F. Tappé. The award includes a gold medal, a presidential citation and \$100,000 for each recipient.

Zalim Mehta, music director of the Israeli Philharmonic Orchestra, said in Warsaw that he hopes the orchestra's first trip to Poland will promote the reconciliation between Poles and Jews. Speaking in the ornate foyer of Warsaw's Grand Theatre, Mehta stressed the orchestra's ties to Poland, noting the many of the musicians are children of Polish Jews.

Carlo Ponté, the 76-year-old producer, has been cleared by Italian supreme court of the remaining charges against him in a fraud case. Ponté, the husband of the actress Sophia Loren, was accused by the state in 1978 of illegally exporting some \$2 million in funds advanced to him to finance films exclusively in Italy. The state had appealed a 1981 verdict that he had no case to answer and ordered the release of his seized assets.

Berkeley, was cited for "his influence and breadth of his professional contributions" in several fields, including paleontology. He received the Nobel Prize in 1968. Tapes of Bethesda, Maryland, was cited for "contributions to the prolongation of nuclear weapons among other things. He is a member of the Atomic Energy Commission and former U.S. representative to the International Atomic Energy Agency. The name is named for Enrico Fermi, the Italian-born nuclear physicist.

The Danish soprano Ingeborg Sten performed like a real hero Monday night in making her debut with Royal Opera, Covent Garden in the premiere of a new production of Mozart's "The Abduction from the Seraglio." Summoned to London at short notice last week to replace the ailing Hungarian soprano, Magda Nador, in the leading role of Konstanze, she went to stage still under the effects of heavy cold. Despite some problems with a few of the high notes, the wood plaudits from a capacity house. The conductor was Sir Colin Davis, the former music director of the Royal Opera, who celebrated his 75th birthday on Oct. 21.

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